

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
6773 HOUSE COMMUNITY & REGIONAL AFFAIRS

The target which has come to be associated with the AA-/Aa credit ratings assigned to Alaska general obligation debt is that debt service is 5% or less of unrestricted revenues. However, the 5% target has been exceeded each year since 1983.

Debt service paid in FY 92 will be 9.2% of unrestricted revenues under the mid-scenario. The explanation given to the rating agencies as to why current credit ratings should be maintained when the 5% target has been regularly exceeded is that revenues were forecasted to be much higher during the period of heavy issuance. The absence of new issuance, the rapid paydown of existing debt and the funding of cash reserves have served to mitigate the effect of exceeding the target.

The ratio of debt service to unrestricted revenues is a suitable substitute financial ratio for the state. More commonly used measures such as per capita debt and debt compared with personal income are not entirely useful in Alaska because the predominant share of state revenues are from resource depletion. Forecasted unrestricted revenue is a statement of the resource remaining.

The issuance of additional general obligation debt would probably entail rating agency reviews of outstanding general obligation, lease and University of Alaska debt. The ratings of contingent liability debt, moral obligation debt in particular, might also be reviewed. Unrestricted revenues required to meet debt obligations and conversely, the amount available to meet ongoing operations and unexpected costs of government, would be one important component in the rating determination.

I think it is possible to summarize the credit rating aspects, debt capacity and alternatives available in very simple terms. The general obligation credit ratings are not inviolate but should be maintained at the highest practical level. The issuance of a large amount of additional general obligation debt could precipitate a credit downgrade but would not necessarily be expected to do so if the authorization was preceded by the authorization of a directly funded debt retirement fund or some other factor which improves the outlook for bondholder repayment. The issuance of a large amount of general obligation debt with debt service scheduled beyond 5 to 7 years could produce rating agency suspension or withdrawal of ratings. The possible fiscal implications of using debt to supplement falling revenues are potentially more severe than are any concerns related to credit ratings.

One final point, implementation of a debt retirement fund with dedicated revenues would argue for a substitute methodology for calculation of debt capacity. A positive impact could not be expected at the initialization of the fund, but only after the unobligated portion of the fund began to grow.

A copy of a letter from Chester Johnson, President of Government Finance Associates, Inc., is included for your information. Government Finance Associates, Inc. has been State Bond Committee financial advisor for the past eight years.

Sincerely,



Darrel J. Rexwinkel  
Commissioner

DJR:TB:tb  
92-066

cc: Glenn A. Olds, Chairman, State Bond Committee  
Nancy Bear-Usera, State Bond Committee  
Shelby Stasny, Director, Office of Management & Budget  
Paul Fuhs, Legislative Liason, Office of the Governor

# Standard & Poor's Corporation

25 Broadway, New York, New York 10004



Vladimir Y. Stadnyk  
Senior Vice President  
Municipal Finance Department  
212/208-1780

RECEIVED JAN 13 1986

January 14, 1986

Mr. J. Chester Johnson  
Government Finance Associates, Inc.  
101 Carnegie Center  
Princeton, New Jersey 08540

Dear Chester:

In response to your request for Standard & Poor's to review a proposed debt management policy for the State of Alaska we are taking this opportunity to formally follow up on a verbal response made to you during the last week of December.

Overall we view the proposal to codify a debt management plan as a very positive management objective and the adoption of such a policy is viewed very favorably in the debt rating process.

As to the specific provisions of the policy, we view certain provisions more favorably than others while some provisions are not viewed very favorably at all. A point by point review follows.

The inclusion of all state debt that relies on State general fund appropriations under the policy is viewed very positively. The consideration for inclusion of "off balance sheet" debt, such as moral obligation or state guaranteed debt, under a similar policy would further strengthen such a provision. On the other hand, the exclusion of certain debt from the policy for which "the state has taken substantial action toward issuance prior to policy adoption" weakens the provision slightly in the absence of any knowledge of specific size of such issuance.

The maintenance of a one to one debt-equity financing relationship for capital projects is also viewed positively as long as operating money appropriations for capital projects do not jeopardize ongoing service obligations or significantly reduce operating balances.

January 14, 1986  
Mr. J. Chester Johnson  
Page 2

Items relating to a two-year issuance cap of \$200 million and a one for one relationship for new issue and paydown would be viewed positively if such provisions are realistic and their adoption could be achieved.

Lastly, as to the provisions which suggest longer maturities and modification of adherence to the "Prudhoe Bay curve", we do not endorse nor do we see support for abandoning the "Prudhoe Bay curve" guidelines. Given that the state economy is still heavily dominated by the oil situation, we do not look favorably at maturity extension at this time.

We hope the above elucidates some of our current thinking but, as usual, we will be more than happy to give further clarification if you so desire.

Best regards,

*Wlad*

VYS/crb

cc: W. Chew  
W. Whitfield  
A. Arthur  
M. Cooper  
L.A. Wynter  
H. Grossman

Government Finance Associates, Inc.

Suite 1301  
71 Broadway  
New York, New York 10003  
(212) 609-5700

February 6, 1992

Darrel Rexwinkel  
Commissioner of Revenue  
Secretary, Alaska State Bond Committee  
P. O. Box 5  
Juneau, Alaska 99811

Dear Mr. Rexwinkel:

As financial advisor to the State of Alaska State Bond Committee, we have been requested by you to offer our opinion as to the credit impacts for the State of Alaska of issuing various amounts of additional general obligation debt. As you know, a primary function that we have served over the years in our role as financial advisor to the Committee has been the continuing dialogue with the nationally recognized credit rating agencies, principally Moody's Investors Service (Moody's) and Standard & Poor's Corporation (S&P). Based upon the extensive communication and correspondence we have had over this period with the agencies, we believe that we are especially able to respond to your inquiry.

In order to offer our opinion on this very important matter for the State of Alaska, the following factors should be considered:

1. CREDIT CONDITION OF STATES:

It should be emphasized that state governments throughout the United States are currently experiencing budgetary pressures that are virtually unprecedented. Indeed, one rating agency recently indicated that approximately 80% of states in the country could end the current fiscal year in the red. Several states have already had their ratings drop this year, including New York, California, New Jersey, New Hampshire, among others; furthermore, numerous states were placed on S&P's CreditWatch recently, including the triple-A rated states of Virginia and North Carolina. Thus, the issuance of new debt by the State of Alaska would be viewed by the rating agencies in the context of severe credit deterioration by states across the country.

2. UNUSUAL DEPARTURE FROM STANDARD PRACTICE:

Should Alaska proceed with a significant debt issuance program, it would be a meaningful departure from the State's

Princeton  
New Jersey

New York  
New York

San Francisco  
California

normal debt management practices. As described more fully below, Alaska has not sold any debt for a number of years, extending for nearly a decade. Therefore, should the State depart from this standard practice of not issuing general obligation debt, the reasons for this departure must be fully rationalized and adequately explained for the rating agencies, justifying a change in circumstances.

### 3. FINAL MATURITY DATE WITHIN THE PRUDHOE BAY CURVE:

Both of the rating agencies have deep concerns about the economic prospects in Alaska when the oil extraction at Prudhoe Bay ends. In fact, over the years, they have continuously underscored their point of view that the State's general obligation debt should be retired within the Prudhoe Bay Curve. Often, we have had theoretical discussions about the implications of extending the period that the State's debt could be outstanding. Each and every time, the rating agencies have reiterated their strong viewpoint that the debt must be repaid within the Prudhoe Bay Curve. In this case, any meaningful amount of long-term, general obligation debt should be retired over approximately seven fiscal years.

### 4. ALLOCATION OF UNRESTRICTED REVENUE FOR DEBT SERVICE:

Over the years, the rating agencies have voiced a desire to have no more than 5% of the State's annual unrestricted revenue being allocated to the payment of debt service and related costs. Over the recent past, including general fund payments for debt service reimbursements to State agencies, such as required debt service on State lease financings, and for certain debt sold by localities throughout the State, the percentage of unrestricted revenue for the payment of debt service has exceeded the 5% level. Therefore, it is critical to emphasize that at \$750 million of new, general obligation debt, repaid over seven years, estimated annual debt service costs at current interest rates would be in excess of \$130 million per year, or 5.3% for this new amount of debt alone of anticipated \$2.4 billion in 1992 (mid-case scenario) of unrestricted revenue. At \$250 million of new, general obligation debt, repaid over seven years, estimated annual debt service costs at current interest rates would be in excess of \$43 million per year, or 1.8% of unrestricted revenue (mid-case scenario) for 1992.

In either of these two cases, total debt service paid by the State, as computed in the above paragraph, including certain State agency and local debt, will be in excess of the 5% figure. Of course, to sell debt in the larger amount would create greater concern at the rating agencies, in light of the substantial amount of debt that is currently being serviced by the State's annual unrestricted revenues. Moreover, should a decision be made to issue debt in the

lower amount, it must be taken in the context of further discussions with the rating agencies to determine the appropriate and sustainable level of overall debt service to be supported by unrestricted revenues from the State's general fund.

#### 5. SIZE OF BORROWING:

At present, the State has less than \$200 million of general obligation debt outstanding. To this declining amount, the rating agencies have responded quite favorably, indicating the possibility for an improved rating perspective on the State. Any significant increase in the outstanding amount, including especially the prospects for a multiple enlargement of the outstanding debt, would be viewed negatively by the rating agencies.

#### 6. EFFECT OF CURRENT OIL PRICES:

In recent weeks, the rating agencies have indicated an increasing concern about the impact of current oil prices on the State's 1992 and 1993 unrestricted revenues and budgetary operations. It is our understanding that the average price per barrel thus far this fiscal year has been \$17.16; current prices are approximately \$15.00 a barrel. This price is well under the mid-case scenario, of \$18.29 upon which the 1992 budget was based. Further, the 1993 budget (mid-case scenario) was based on a price of \$18.90 a barrel. In this context, the decision of the State to proceed with a large debt issuance program will create special concern as the source of repayment could fall this year below anticipated levels. It will be important for the State to emphasize its unique liquidity and reserve position as a credit feature that insulates the State from temporary financial deterioration caused by declining oil prices.

#### 7. SPECIAL DEBT SERVICE PROVISIONS FOR STATE INDEBTEDNESS:

It is possible for the State to improve its reception by the rating agencies and credit markets generally by the acknowledgement and establishment of special security for the holders of the State's general obligation debt. For example, the Hickel Administration has indicated its desire to create a constitutional debt retirement fund that would be employed to retire general obligation and related indebtedness and to fund pay-as-you-go capital construction projects. In fact, one option the State may wish to consider as an alternative to the issuance of bonds is the allocation to pay-as-you-go capital construction projects of the funds that would otherwise go to the payment of debt service on new, general obligation debt. For example, using the examples for \$750 million and \$250 million under "Allocation of Unrestricted Revenue for Debt Service" above, approximately 17% of the debt service costs are for the

payment of interest; there would be an additional amount payable for capitalizing issuance costs in the bond sale. While there would have to be a delay in some construction projects because all of the money would not be available upfront on a pay-as-you-go basis, there would be more money overall, in absolute terms, directed to capital construction purposes, compared with the issuance of new, general obligation debt. At the same time, while some would argue that the sale of debt at tax-exempt rates now create a positive, present value leverage (through upfront capital at relatively low interest costs), the use of funds for effective construction purposes, without the incurrence of debt, is obviously favorable, from a credit point of view.


In addition, we have received an opinion from the State's Attorney General that suggests that the holder of State general obligation debt has more protection than was previously acknowledged. Because of the particular significance of this opinion, it will be necessary for the State to examine further and to emphasize this security feature if the State decides to proceed with an enlarged debt issuance program.

These credit improvements, the applicability of the State Attorney General's opinion and the use of a new, constitutional debt retirement fund, will serve the State well if greater specificity is applied to both of these important credit features.

In summary, we believe that the timing for the issuance of new, general obligation debt by the State of Alaska is not favorable. In addition, we believe that the issuance of a significant amount of new debt will create the conditions for a rating downgrade. At the same time, while it is possible that a very modest amount of such debt could be issued without a rating reduction from one of the nationally recognized rating agencies, the State will be at risk that its current credit ratings could fall.

If we can be of further assistance, please do not hesitate to contact us.

Best regards,



C. Chester Johnson  
President

JCJ/yp

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2389

March 23, 1992

The Honorable Mark Boyer  
House Finance Committee  
Alaska State Legislature  
State Capitol, Rm 411  
Juneau, Alaska 99801-1182

Dear Representative Boyer:

Below is a debt issuance capacity schedule using three revenue forecast scenarios. The scenarios are based on Spring 1992 forecasted revenues. The debt capacity amounts are based on a true interest cost of 5.2%, level debt service and a final maturity of seven years.

### Debt Capacity (in millions)

Fiscal Year	Low Scenario Revenue Estimate	Mid Scenario Revenue Estimate	High Scenario Revenue Estimate
1993	-	-	-
1994	-	-	-
1995	-	-	38
1996	-	22	108
1997	88	213	215
1998	-	-	9
1999	-	-	-

The calculation of this estimate includes debt service scheduled to be paid from the general fund including the state portion of municipal general obligation debt issued to finance school construction. A seven year final maturity is used because petroleum production is forecasted to have diminished to 1 million barrels/day at about the end of that period.

One rating agency's view of the relationship between debt issuance policy and petroleum production can be seen in an attached letter from Vladimir Stadnyk, of Standard & Poor's Corporation. On the second page, Mr. Stadnyk says, "as to ..... longer maturities and modification of adherence to the Prudhoe Bay curve, we do not endorse nor do we see support for abandoning the Prudhoe Bay curve guidelines. Given that the state economy is still heavily dominated by the oil situation, we do not look favorably at maturity extension at this time."

The target which has come to be associated with the AA-/Aa credit ratings assigned to Alaska general obligation debt is that debt service is 5% or less of unrestricted revenues. However, the 5% target has been exceeded each year since 1983.

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The ratio of debt service to unrestricted revenues is a suitable substitute financial ratio for the state. More commonly used measures such as per capita debt and debt compared with personal income are not entirely useful in Alaska because the predominant share of state revenues are from resource depletion. Forecasted unrestricted revenue is a statement of the resource remaining.

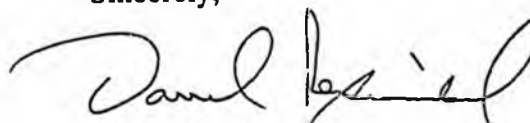
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I think it is possible to summarize the credit rating aspects, debt capacity and alternatives available in very simple terms. The general obligation credit ratings are not inviolate but should be maintained at the highest practical level. The issuance of a large amount of additional general obligation debt could precipitate a credit downgrade but would not necessarily be expected to do so if the authorization was preceded by the authorization of a directly funded debt retirement fund or some other factor which improves the outlook for bondholder repayment. The issuance of a large amount of general obligation debt with debt service scheduled beyond 5 to 7 years could produce rating agency suspension or withdrawal of ratings. The possible fiscal implications of using debt to supplement falling revenues are potentially more severe than are any concerns related to credit ratings.

One final point, implementation of a debt retirement fund with dedicated revenues would argue for a substitute methodology for calculation of debt capacity. A positive impact could not be expected at the initialization of the fund, but only after the unobligated portion of the fund began to grow.

A copy of a letter from Chester Johnson, President of Government Finance Associates, Inc., is included for your information. Government Finance Associates, Inc. has been State Bond Committee financial advisor for the past eight years.

Sincerely,

A handwritten signature in cursive script, appearing to read "Darrel J. Rexwinkel".

Darrel J. Rexwinkel  
Commissioner

DJR:TB:tb  
92-066

cc: Glenn A. Olds, Chairman, State Bond Committee  
Nancy Bear-Usera, State Bond Committee  
Shelby Stastny, Director, Office of Management & Budget  
Paul Fuhs, Legislative Liason, Office of the Governor

# Standard & Poor's Corporation

25 Broadway, New York, New York 10004



Vladimir Y. Stadnyk  
Senior Vice President  
Municipal Finance Department  
212/208-1780

RECEIVED JAN 13 1986

January 14, 1986

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Princeton, New Jersey 08540

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January 14, 1986  
Mr. J. Chester Johnson  
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We hope the above elucidates some of our current thinking but, as usual, we will be more than happy to give further clarification if you so desire.

Best regards,

*Wend*

VYS/crb

cc: W. Chew  
W. Whitfield  
A. Arthur  
M. Cooper  
L.A. Wynter  
H. Grossman

Government Finance Associates, Inc.

Suite 1301  
71 Broadway  
New York, New York 10008  
(212) 209-5700

February 6, 1992

Darrel Rexwinkel  
Commissioner of Revenue  
Secretary, Alaska State Bond Committee  
P. O. Box 5  
Juneau, Alaska 99811

Dear Mr. Rexwinkel:

As financial advisor to the State of Alaska State Bond Committee, we have been requested by you to offer our opinion as to the credit impacts for the State of Alaska of issuing various amounts of additional general obligation debt. As you know, a primary function that we have served over the years in our role as financial advisor to the Committee has been the continuing dialogue with the nationally recognized credit rating agencies, principally Moody's Investors Service (Moody's) and Standard & Poor's Corporation (S&P). Based upon the extensive communication and correspondence we have had over this period with the agencies, we believe that we are especially able to respond to your inquiry.

In order to offer our opinion on this very important matter for the State of Alaska, the following factors should be considered:

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It should be emphasized that state governments throughout the United States are currently experiencing budgetary pressures that are virtually unprecedented. Indeed, one rating agency recently indicated that approximately 80% of states in the country could end the current fiscal year in the red. Several states have already had their ratings drop this year, including New York, California, New Jersey, New Hampshire, among others; furthermore, numerous states were placed on S&P's CreditWatch recently, including the triple-A rated states of Virginia and North Carolina. Thus, the issuance of new debt by the State of Alaska would be viewed by the rating agencies in the context of severe credit deterioration by states across the country:

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### 4. ALLOCATION OF UNRESTRICTED REVENUE FOR DEBT SERVICE:

Over the years, the rating agencies have voiced a desire to have no more than 5% of the State's annual unrestricted revenue being allocated to the payment of debt service and related costs. Over the recent past, including general fund payments for debt service reimbursements to State agencies, such as required debt service on State lease financings, and for certain debt sold by localities throughout the State, the percentage of unrestricted revenue for the payment of debt service has exceeded the 5% level. Therefore, it is critical to emphasize that at \$750 million of new, general obligation debt, repaid over seven years, estimated annual debt service costs at current interest rates would be in excess of \$130 million per year, or 5.3% for this new amount of debt alone of anticipated \$2.4 billion in 1992 (mid-case scenario) of unrestricted revenue. At \$250 million of new, general obligation debt, repaid over seven years, estimated annual debt service costs at current interest rates would be in excess of \$43 million per year, or 1.8% of unrestricted revenue (mid-case scenario) for 1992.

In either of these two cases, total debt service paid by the State, as computed in the above paragraph, including certain State agency and local debt, will be in excess of the 5% figure. Of course, to sell debt in the larger amount would create greater concern at the rating agencies, in light of the substantial amount of debt that is currently being serviced by the State's annual unrestricted revenues. Moreover, should a decision be made to issue debt in the

lower amount, it must be taken in the context of further discussions with the rating agencies to determine the appropriate and sustainable level of overall debt service to be supported by unrestricted revenues from the State's general fund.

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At present, the State has less than \$200 million of general obligation debt outstanding. To this declining amount, the rating agencies have responded quite favorably, indicating the possibility for an improved rating perspective on the State. Any significant increase in the outstanding amount, including especially the prospects for a multiple enlargement of the outstanding debt, would be viewed negatively by the rating agencies.

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7. SPECIAL DEBT SERVICE PROVISIONS FOR STATE INDEBTEDNESS:

It is possible for the State to improve its reception by the rating agencies and credit markets generally by the acknowledgement and establishment of special security for the holders of the State's general obligation debt. For example, the Hickel Administration has indicated its desire to create a constitutional debt retirement fund that would be employed to retire general obligation and related indebtedness and to fund pay-as-you-go capital construction projects. In fact, one option the State may wish to consider as an alternative to the issuance of bonds is the allocation to pay-as-you-go capital construction projects of the funds that would otherwise go to the payment of debt service on new, general obligation debt. For example, using the examples for \$750 million and \$250 million under "Allocation of Unrestricted Revenue for Debt Service" above, approximately 17% of the debt service costs are for the

payment of interest; there would be an additional amount payable for capitalizing issuance costs in the bond sale. While there would have to be a delay in some construction projects because all of the money would not be available upfront on a pay-as-you-go basis, there would be more money overall, in absolute terms, directed to capital construction purposes, compared with the issuance of new, general obligation debt. At the same time, while some would argue that the sale of debt at tax-exempt rates now create a positive, present value leverage (through upfront capital at relatively low interest costs), the use of funds for effective construction purposes, without the incurrence of debt, is obviously favorable, from a credit point of view.

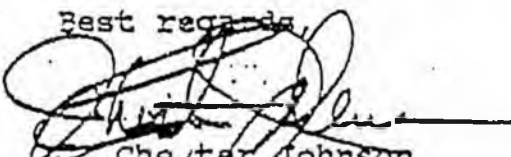
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These credit improvements, the applicability of the State Attorney General's opinion and the use of a new, constitutional debt retirement fund, will serve the State well if greater specificity is applied to both of these important credit features.

In summary, we believe that the timing for the issuance of new, general obligation debt by the State of Alaska is not favorable. In addition, we believe that the issuance of a significant amount of new debt will create the conditions for a rating downgrade. At the same time, while it is possible that a very modest amount of such debt could be issued without a rating reduction from one of the nationally recognized rating agencies, the State will be at risk that its current credit ratings could fall.

If we can be of further assistance, please do not hesitate to contact us.

Best regards,



C. Chester Johnson  
President

JCJ/yp

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. CSHB 390

Revision Date: 3-19-92

Department Affected: Education

Title: An Act providing for the issuance of G.O. bonds of 313,575,557 for public schools.

BRU: School Debt Reimbursement

Component: School Debt Reimbursement

Sponsor: Representative Bover & Representative Mover

Requestor: (H) HESS

COMPONENT SERIAL NO. 

	1	5	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	30.0	30.0	30.0	30.0	30.0	0
TRAVEL	25.0	20.0	10.0	10.0	5.0	0
CONTRACTUAL	40.0	30.0	10.0	10.0	5.0	0
SUPPLIES	15.0	10.0	2.0	1.0	1.0	0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>110.0</b>	<b>90.0</b>	<b>52.0</b>	<b>51.0</b>	<b>41.0</b>	<b>0</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	<b>110.0</b>	<b>90.0</b>	<b>52.0</b>	<b>51.0</b>	<b>41.0</b>	<b>0</b>

POSITIONS:

FULL-TIME	1	1	1	1	1	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

**See attached.**

Prepared by: Mike Maher  
Division: Commissioner's Office

Phone: 465-2800  
Date: 3-19-92

Approved by Commissioner:   
Agency: Education

Jerry Covey  
Date: 3-19-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).  
Rev 10/07/91

This bill would fully fund category I and II projects on the Department's current CIP priority list.

The additional position would be necessary to handle the additional work load produced by this amount of money being made available for school construction. This position would be phased out over a five year period.

This position would be a clerk IV, range 9. The clerk would maintain all files, records and handle all correspondence for the entire program.

Travel funds are required for on-site meetings with school district personnel, progress reviews, and final inspection. At least two trips to each location would be required.

Contractual monies are needed for legal assistance, A&E services for review, communication and inspection. Supplies include: materials and office supplies needed to implement and administer this program.

Funds for this position would come from CIP receipts generated from the bond funds.

March 7, 1992



The Honorable Mark Boyer  
Alaska State Legislature  
State Capital, Rm 411  
Juneau, AK 99801-1182

Dear Representative Boyer:

Last week, when meeting with Richard Holden and myself, you requested that we commit some thoughts to paper with respect to some potential options available to the Legislature for the funding of the State's capital budget, both for FY 93 and beyond. In particular, you requested some comments with respect to the possibility of issuing general obligation (G.O.) bonds, a practice which has not been followed since 1982.

Since the use of the G.O. bond vehicle is not familiar to some current legislators, we feel that it would be useful to give some historical perspective on the State's use of bonds and to suggest that it might be time to revisit some underlying assumptions that currently dictate State debt policy.

The State of Alaska in 1974 was issuing approximately \$100,000,000 in General Obligation bonds every biennium. The State budget was \$485,000,000 and debt service on General Obligation debt was \$26,000,000 per year. Debt service on ASHA State lease building bonds was approximately \$20,000,000 per year. Direct debt and agency debt consumed approximately 9.5% of the budget. The State had a "BAA" bond rating.

In the fall of 1975, because of the start of pipeline construction, the State's bond rating was increased to "A"

In early 1979 the State received a "AA" rating. This followed establishment of the Permanent Fund (PF) and a decrease in the percentage of G. O. bond debt to 5% of the unrestricted revenues of the State. The State's operating budget was \$1.2 billion. ASHA State lease building program debt service was another \$16,000,000. So direct and indirect debt service was 6.3% percent of the budget. The PF was \$200,000,000 in size at the time of the rating adjustment upwards to "AA".

In 1981, when the State budget was \$5.0 billion and State debt was \$1.0 billion, it was proposed that the State finance Susitna Dam with revenue bonds. The cost of the project was estimated to be \$5 billion. However the projected income stream would have provided for the amortization of only about \$1 billion in revenue bonds. Therefore it was proposed that the State issue \$4 billion in G. O. bonds to cover the remainder of the cost. John Nuveen, the Alaska Energy Authority's financial consultants suggested that the issuance of G. O. bonds in this magnitude for a single project was an inappropriate use of State credit, given the other program demands on State debt. At that time, the PF was funded to \$1.8 billion.

Nuveen further suggested, as a general rule, that the ratio of G. O. bond debt service to unrestricted revenue remain at the 5% level, the level at which the State's bond rating had been increased to "AA", until the PF had increased in sufficient size to protect the "AA" bond rating. Incidentally, Nuveen also recommended that the Susitna project be funded with cash.

Unfortunately, as so often happens in the rock garden of government, the memorandum containing the recommendation for an interim 5% ratio became engraved in stone and is apparently regarded by some today as a monument to which eternal obeisance is due.

Also, in the FY 1981 budget, the use of G. O. bonds was discontinued as a capital improvements funding vehicle, partly because cash was available and partly because the discipline imposed on the government by the G. O. bond method of financing could be avoided, i. e. the statutory requirements of A.S. 35 could more easily be ignored and the voters would not be bothered with the information necessary to explain bond proposals.

Another graven image inhibits rethinking regarding debt issuance, that being the extremely short term currently assumed within which to retire G.O. bond debt, i.e. seven years. It is important to understand why such a short term was adopted in 1976, and whether it should remain so.

In 1975, the Prudhoe Bay curve had reached the consciousness of the incumbent administration. Officials were sufficiently comfortable with State income projections to propose that the amortization period for new G. O. bond issues be shortened from the normal 25-year period to 10 years. The theory behind this proposal, which was adopted in 1976, was as follows:

- 1: The state was seen to be heading for a period of huge cash surpluses, which cash needed to be soaked up;
- 2: A compacting of the G. O. bond amortization period would absorb some of that cash and preserve debt capacity after the Prudhoe Curve began its descent and cash was no longer abundantly available to fund the capital budget;
- 3: The debt service required for both new and prior G. O. bond issues would begin to decline sharply just when the decline in the Prudhoe Bay curve steepened; the assumption being that the State could then revert to the traditional method of capital budget finance, i.e. G. O. bonds on a 25-year amortization schedule, without any significant impact on the State's unrestricted income.

**G.O. Bond Debt Status:** The current amount of G.O. Bond debt outstanding is +/- \$181,000,000. The annual payment required for FY 93 is \$59,688,000. The debt service amount will decrease by \$25,758,000 by FY 94. All current G.O. bond debt will be fully retired by the year 2000 with a final payment in that year of \$2,600,000 (see attached table).

**G.O. Bond Debt Capacity:** New G.O. bond capacity depends on the assumptions used in making the projection. For example, the Revenue Department's February 21, 1992 estimate provided to Representative MacLean estimates that, in a low scenario, the State could next issue G.O. bonds in FY 97, in the amount of \$161,000,000. In a mid scenario, in FY 95, the amount would be \$24,000,000. In a high scenario, in FY 94, the amount would be \$90,000,000.

However, these forecasts are based on the following premises:

- 1: A seven-year amortization period;
- 2: A 5% debt to unrestricted income ratio;
- 3: Other factors such as the inclusion of municipal school debt and perhaps the exclusion of permanent fund dividends and inflation-proofing when calculating unrestricted income. An outside financial analyst will certainly include these funds in any calculation of creditworthiness.

**Recommended Policy Changes:**

- 1: The short-term debt retirement period can be now abandoned. It has served its purpose. The State now has debt capacity. Revert to a 25-year term.
- 2: Examine closely the 5% ratio. It was instituted in order to protect the State's "AA" rating until the PF had grown to sufficient size, which it certainly now has done.

Even in the event that the rating were to drop, the fiscal consequence might be negligible, as a policy choice. For instance, were the credit rating to drop from "AA" to "A", the cost of credit might increase by fifteen basis points. Thus, on a \$300,000,000 G.O. bond issue, the additional debt service cost to the State would approximate \$500,000 per year.

3: Follow the statutes dictating the development of the State's capital budget, which are necessary to apply when developing long-term capital improvement programs. The discipline thereby imposed will provide for more thoughtful capital spending than has been, in the view of many, the result of the practice of the last decade. The State's credit rating will also benefit from the bond market's perception of thoughtful capital development.

Conclusion; If the debt retirement term were to revert to 25 years, the State has the capacity to issue \$150,000,000 to \$300,000,000 in G.O. bonds in FY 93, provided care is taken in re-introducing the market to Alaska's issuance of long-term debt. In fact, a program of \$150,000,000 to \$300,000,000 per biennium for the foreseeable future could be contemplated, depending on the revenue forecast favored.

I am requesting that Richard Holden deliver this note to you for review at today's meeting. I will be in Juneau on Tuesday next and would be happy to explain these thoughts in any level of detail requested.

Respectfully,

  
Sterling Gallagher  
President  
Sterling Limited.

STATE OF ALASKA  
 SCHEDULE OF DEBT SERVICE BY FISCAL YEAR  
 GENERAL OBLIGATION BONDS  
 June 30, 1991  
 (Stated in Thousands)

STATEMENT 10.03

Year	Principal	Interest	Total Debt Service to Maturity	Redemption Reserve	Required By Fiscal Year
1959	\$ 30	\$ 66	\$ 66	\$	\$ 66
1960	93	99	129		129
1961	311	91	184		184
1962	566	738	1,049		1,049
1963	587	857	1,423		1,423
1964	877	1,209	1,886		1,886
1965	1,202	1,353	2,230		2,230
1966	1,248	1,307	2,509		2,509
1967	1,778	1,478	2,726		2,726
1968	3,761	2,877	4,655		4,655
1969	3,770	4,058	7,819	0	7,810
1970	7,971	5,538	9,306		9,306
1971	9,705	7,331	15,302		15,302
1972	11,365	9,793	19,498		19,498
1973	12,352	12,147	23,512		23,512
1974	13,018	14,030	26,382		26,382
1975	12,500	17,126	30,144		30,144
1976	12,915	22,615	35,115	11	35,104
1977	18,795	28,969	41,884	25	41,859
1978	25,710	31,233	50,028	93	49,935
1979	38,780	34,314	60,024	228	59,796
1980	55,545	36,292	75,072	1,276	73,796
1981	58,765	42,087	97,632		97,632
1982	81,230	38,694	97,459		97,459
1983	100,175	62,394	143,624	1,136	142,488
1984	107,860	66,162	166,337	390	165,947
1985	109,265	61,664	169,524		169,524
1986	108,380	53,979	163,244		163,244
1987	108,685	46,512	154,892	9	154,883
1988	103,727	39,221	147,906	67	147,839
1989	95,560	31,785	135,512		135,512
1990	77,499	24,746	120,306		120,306
1991	56,149	17,984	95,483		95,483
1992	51,363	12,052	68,201		68,201
1993	28,398	8,325	59,688		59,688
1994	19,096	5,532	33,930		33,930
1995	18,610	3,988	23,084		23,084
1996	14,865	2,864	21,474		21,474
1997	13,380	1,801	16,666		16,666
1998	8,640	1,008	14,388		14,388
1999	2,531	368	9,009		9,009
2000		69	2,600		2,600
<b>Total</b>	<b>1,397,057</b>	<b>754,245</b>	<b>2,151,902</b>	<b>3,244</b>	<b>2,148,658</b>
<b>Paid as of End of Year</b>	<b>1,184,925</b>	<b>718,837</b>	<b>1,902,862</b>	<b>3,244</b>	<b>1,899,618</b>
<b>Remaining Liability at End of Year</b>	<b>\$ 213,032</b>	<b>\$ 36,008</b>	<b>\$ 249,040</b>	<b>\$ 0</b>	<b>\$ 249,040</b>

**DEPARTMENT OF REVENUE**

OFFICE OF THE COMMISSIONER

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2289

February 21, 1992

The Honorable Mark Boyer  
House Finance Committee  
Alaska State Legislature  
State Capitol, Rm 411  
Juneau, AK 99801-1182

Dear Representative Boyer:

The estimated capacity of the State to issue debt is as follows (\$ millions):

**Debt Capacity**

<u>Fiscal Year</u>	<u>Low Scenario Revenue Estimate</u>	<u>Mid Scenario Revenue Estimate</u>	<u>High Scenario Revenue Estimate</u>
1993	-	-	-
1994	-	-	90
1995	-	24	261
1996	-	115	168
1997	161	184	207
1998	-	-	32
1999	-	-	25

In these estimates, debt service on state lease-financings of public buildings, University of Alaska debt, and the state portion of municipal general obligation debt issued to finance school construction is included with state general obligation debt service in deriving the State's debt capacity. Over the years the State Bond Committee has chosen to include the entire general fund debt commitment even as the 5% unrestricted revenue target was exceeded. Different debt capacity scenarios could be estimated without including one or more of these components of state-supported debt. Alternatives to the 5% of the unrestricted revenue target can be developed as well.

Any contingent liability such as moral obligation and state guaranteed debt could be added to these components if a situation arose which made a call on the general fund for that liability a possibility. At this time, I know of no such contingent liability situation.

February 21, 1992  
Page 2

The above estimate is based upon issuing state general obligation debt at current credit ratings, with level debt service, and a seven year final maturity. These parameters are within the Prudhoe Curve mandate. Although I believe these assumptions are adequate for this presentation, various alternative debt issuance strategies could be developed with various debt service levels and various final maturities.

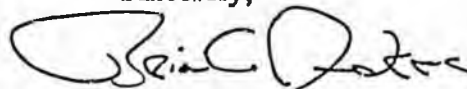
Lease-financing debt would have a lower credit rating and possibly longer maturity. Longer maturities could probably be accommodated on moderate amounts of lease debt because the conversion of operating leases to lease-financings would achieve net present value savings which are regarded differently than a new obligation by credit analysts. The characterization of lease-financing issuance as a cost-saving strategy within the operating budget, e.g. the replacement of a higher net present value operating lease obligation with a lower net present value lease-financing obligation, has been important in the explanation of issuance when debt service exceeds 5% of current and forecasted unrestricted revenues.

One final point, implementation of a debt retirement fund with dedicated revenues would argue for a substitute methodology for this calculation. A positive impact could not be expected at the initialization of the fund, but only after the unobligated portion of the fund began to grow.

I think the work session on state general obligation bonding was worthwhile. The Alaska Legislature has played a major role in maintaining the State's credit rating over the years. The many positive aspects of the State's fiscal management that have been reported to the rating agencies are a direct result of legislative action.

Please let me know if there is any additional information you would like to have. I will certainly send you a copy of any rating agency review of the state credit on the day of publication. The accompanying table shows the derivation of this particular estimate of debt capacity.

Sincerely,



Brian C. Andrews  
Deputy Commissioner

BCA/mem  
Enclosure  
92-043

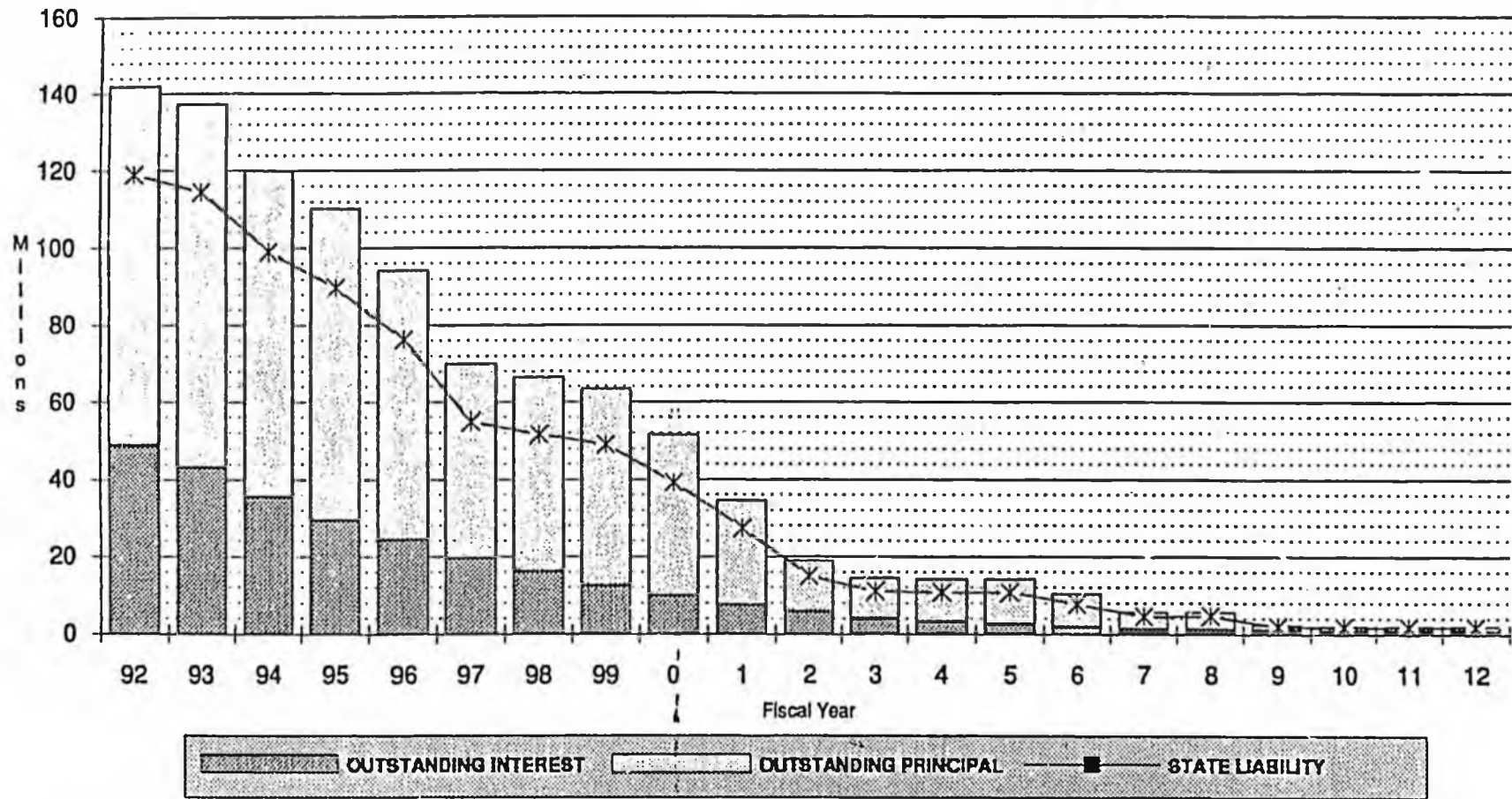
cc: Glenn A. Olds, Chairman, State Bond Committee  
Nancy Bear-Usera, State Bond Committee  
Darrel J. Rexwinkel, Secretary, State Bond Committee  
Shelby Stastny, Director, Office of Management & Budget

**DEBT CAPACITY**  
**Fall 1991 Revenue Estimates**

<u>Fiscal Year</u>	<u>Unrestricted Revenue</u>			<u>5% of Revenue</u>			<u>Existing Debt Service</u>	<u>Additional Debt Capacity</u>			<u>Cumulative Debt Capacity</u>		
	<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>		<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>
1993	1809.1	2374.3	2875.3	90	119	144	189	-	-	-	-	-	-
1994	1834.1	2429.3	3226.3	92	121	161	146	-	-	90	-	-	90
1995	1990.1	2537.8	3674.6	100	127	184	123	-	24	261	-	24	351
1996	2012.9	2592.8	3914.4	101	130	196	106	-	115	168	-	139	518
1997	2146.4	2721.2	4094.4	107	136	205	78	161	184	207	161	323	726
1998	2057.2	2642.2	4102.1	103	132	205	72	-	-	32	161	323	758
1999	1864.7	2431.3	4029.9	93	122	201	65	-	-	25	161	323	783
2000	1699.1	2223.4	3828.1	85	111	191	49						
2001	1552.6	2047.9	3642.7	78	102	182	29						
2002	1436.0	1922.4	3601.8	72	96	180	16						
2003	1338.4	1789.6	3493.9	67	89	175	14						
2004	1242.9	1673.4	3875.8	62	84	194	13						
2005	1143.9	1549.9	4035.4	57	77	202	10						

- Notes:
1. Assumes seven year bonds at 5.2% -- amortization factor 0.192.
  2. The absence of revenue estimates beyond FY 2005 and the need to ascertain the availability of funds for debt service over a seven year term prevents the estimation of debt capacity beyond FY 1999.

## SCHOOL CONSTRUCTION DEBT RETIREMENT PROGRAM



Prepared 3/8/92

STATEWIDE INTEREST\* SCHOOL CONSTRUCTION  
 DEBT RETIREMENT

Revised 1/7/92

Fiscal Yr																		STATEWIDE	Fiscal Yr
	AL. EAST	ANCHORAGE	BOSTON BAY	FAIRBANKS	HAINES	JUNEAU	KENAI	KETCHIKAN	KODIAK	MAT-SU	NOME	N. SLOPE	PETER	TURO	SITKA	UNALASKA	VALDEZ	WRANGELL	
FY92	96,988	14,014,901	233,200	7,094,060	16,183	2,402,278	8,018,195	1,425,183	877,944	8,544,845	223,110	4,488,430	357,795	807,734	675,925	1,310,975	360,524	48,928,247	FY92
FY93	61,439	13,038,306	218,400	6,346,414	11,138	3,373,871	6,395,723	1,151,908	734,515	5,373,924	180,230	3,570,918	314,583	732,481	609,197	768,437	339,728	43,221,186	FY93
FY94	55,687	11,341,183	202,800	5,547,818	5,738	2,381,354	6,129,375	858,383	633,371	4,025,259	138,010	3,208,405	270,578	587,269	544,547	252,675	318,812	35,474,845	FY94
FY95	49,708	9,349,110	186,000	4,734,008	0	2,091,150	4,354,820	535,915	527,248	2,891,965	91,120	2,815,968	224,595	454,783	486,162	177,700	291,660	29,261,729	FY95
FY96	43,295	7,795,996	168,000	4,208,488	0	1,842,730	3,769,870	438,844	415,870	1,776,280	45,560	2,389,220	176,053	315,865	426,542	108,369	268,431	24,189,212	FY96
FY97	36,376	6,000,835	148,600	3,803,725	0	1,589,866	3,273,470	339,188	320,938	974,315	0	1,924,834	125,004	223,219	365,791	72,450	242,891	19,521,501	FY97
FY98	29,120	5,111,399	120,000	3,382,537	0	1,327,638	2,730,770	244,400	258,311	825,340	0	1,422,625	71,133	223,130	303,955	49,125	214,984	16,122,668	FY98
FY99	21,448	4,103,768	106,000	2,827,382	0	1,043,939	2,138,680	160,200	190,928	258,445	0	882,050	26,008	81,000	241,063	40,500	186,139	12,443,527	FY99
FY2000	13,300	3,069,660	82,000	2,538,655	0	805,928	1,485,960	80,400	118,380	949,445	0	301,015	9,910	81,000	177,181	31,125	154,963	9,895,921	FY2000
FY2001	4,558	2,597,120	56,400	2,132,825	0	591,740	772,800	0	40,425	1,009,420	0	0	0	81,000	112,099	21,000	121,785	7,540,970	FY2001
FY2002	0	2,129,493	29,200	1,808,775	0	398,750	0	0	0	1,068,914	0	0	0	81,000	87,348	10,500	86,625	5,798,604	FY2002
FY2003	0	1,897,185	0	1,659,500	0	263,500	0	0	0	0	0	0	0	81,000	75,624	0	58,275	4,035,084	FY2003
FY2004	0	1,645,815	0	1,390,550	0	195,500	0	0	0	0	0	0	0	81,000	0	0	28,175	3,340,840	FY2004
FY2005	0	1,374,400	0	1,098,000	0	123,250	0	0	0	0	0	0	0	81,000	0	0	0	2,674,650	FY2005
FY2006	0	1,083,188	0	773,975	0	42,500	0	0	0	0	0	0	0	81,000	0	0	0	1,990,563	FY2006
FY2007	0	1,033,000	0	424,125	0	0	0	0	0	0	0	0	0	81,000	0	0	0	1,538,125	FY2007
FY2008	0	1,000,000	0	221,125	0	0	0	0	0	0	0	0	0	81,000	0	0	0	1,331,125	FY2008
FY2009	0	1,033,000	0	0	0	0	0	0	0	0	0	0	0	81,000	0	0	0	1,114,000	FY2009
FY2010	0	1,033,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,033,000	FY2010
FY2011	0	1,033,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,033,000	FY2011
FY2012	0	1,033,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,033,000	FY2012
FY2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	FY2013
FY2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	FY2014
TOTALS	411,898	90,830,157	1,558,800	50,185,460	33,038	18,453,991	38,007,483	8,232,419	4,117,736	25,536,148	678,030	20,983,484	1,574,838	4,235,481	4,105,434	2,842,856	2,670,788	271,515,796	TOTALS

\*This represents the total interest owed by each district on bonds sold to date as well as projected estimates for bonds sales for Anchorage & Sitka.

STATEWIDE PRINCIPAL\* SCHOOL CONSTRUCTION  
DEBT RETIREMENT

Revised 1/7/92

Fiscal Yr	STATEWIDE																	Fiscal Yr	
	AL. EAST	ANCHORAGE	BRISTOL BAY	FAIRBANKS	HAINES	JUNEAU	KENAI	KETCHIKAN	KODIAK	MAT-SU	NOME	N. SLOPE	PETERSBURG	SITKA	UNALASKA	VALDEZ	WRANGELL		PRINCIPAL
FY92	75,000	20,094,000	185,000	7,278,400	75,000	8,572,191	19,680,000	3,580,000	1,005,000	17,525,000	870,000	9,155,000	505,000	1,859,194	1,839,828	1,795,000	724,650	93,038,061	FY92
FY93	80,000	21,785,000	195,000	7,783,400	80,000	8,492,191	20,805,000	3,770,000	1,725,000	18,685,000	870,000	5,275,000	530,000	2,131,452	1,863,531	1,925,000	743,809	94,089,343	FY93
FY94	85,000	27,100,000	210,000	8,303,400	85,000	3,409,553	10,835,000	4,010,000	1,755,000	18,585,000	870,000	5,825,000	560,000	1,911,290	1,881,457	1,060,000	765,588	84,421,288	FY94
FY95	90,000	27,835,000	225,000	7,278,400	0	3,214,553	8,650,000	1,565,000	1,795,000	17,525,000	870,000	8,000,000	585,000	1,918,548	1,664,530	1,080,000	793,392	80,889,423	FY95
FY96	100,000	28,091,497	240,000	4,883,400	0	3,441,170	6,205,000	1,585,000	1,835,000	13,180,000	870,000	6,410,000	820,000	1,973,387	1,872,757	405,000	727,710	70,039,921	FY96
FY97	105,000	14,865,000	260,000	5,153,400	0	3,695,000	6,700,000	1,810,000	890,000	5,000,000	0	8,855,000	850,000	1,750,000	1,681,145	445,000	848,419	50,507,963	FY97
FY98	110,000	14,310,000	275,000	5,513,400	0	3,915,000	7,245,000	1,460,000	945,000	4,665,000	0	7,340,000	690,000	630,000	1,689,702	115,000	879,179	50,322,281	FY98
FY99	120,000	15,720,000	300,000	5,868,400	0	3,480,000	7,840,000	1,200,000	1,015,000	4,405,000	0	7,860,000	250,000	250,000	1,698,437	125,000	917,991	51,049,828	FY99
FY2000	125,000	8,620,000	320,000	5,545,000	0	3,660,000	8,490,000	1,200,000	1,080,000	1,035,555	0	8,420,000	270,000	250,000	1,707,359	135,000	948,241	41,804,155	FY2000
FY2001	135,000	7,425,000	340,000	3,125,000	0	2,870,000	9,200,000	0	1,155,000	950,580	0	0	0	250,000	581,477	140,000	977,865	28,949,922	FY2001
FY2002	0	4,350,000	385,000	3,400,000	0	2,900,000	0	0	0	878,088	0	0	0	250,000	180,801	150,000	862,875	13,334,762	FY2002
FY2003	0	4,585,000	0	3,675,000	0	800,000	0	0	0	0	0	0	0	250,000	190,341	0	896,625	10,396,966	FY2003
FY2004	0	4,840,000	0	4,025,000	0	800,000	0	0	0	0	0	0	0	250,000	0	0	918,275	10,833,275	FY2004
FY2005	0	5,100,000	0	4,375,000	0	900,000	0	0	0	0	0	0	0	250,000	0	0	833,175	11,458,175	FY2005
FY2006	0	2,475,000	0	4,750,000	0	1,000,000	0	0	0	0	0	0	0	250,000	0	0	0	8,475,000	FY2006
FY2007	0	1,100,000	0	2,800,000	0	0	0	0	0	0	0	0	0	250,000	0	0	0	4,150,000	FY2007
FY2008	0	1,100,000	0	3,050,000	0	0	0	0	0	0	0	0	0	250,000	0	0	0	4,400,000	FY2008
FY2009	0	1,100,000	0	0	0	0	0	0	0	0	0	0	0	120,000	0	0	0	1,220,000	FY2009
FY2010	0	1,100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100,000	FY2010
FY2011	0	1,100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100,000	FY2011
FY2012	0	1,100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100,000	FY2012
FY2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	FY2013
FY2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	FY2014
TOTALS	1,025,000	212,395,497	2,915,000	88,787,200	240,000	48,949,658	105,250,000	19,900,000	13,880,000	100,392,221	3,350,000	82,940,000	4,660,000	14,783,871	18,021,182	7,365,000	11,835,791	710,680,400	TOTALS

This represents the total principal owed by each district on bonds sold to date as well as projected estimates for bond sales for Anchorage & Sitka.

STATEWIDE LIABILITY\* SCHOOL CONSTRUCTION  
 DEBT RETIREMENT

Revised 1/7/92

Fiscal Yr	STATEWIDE																LIABILITY	Fiscal Yr	
	AL. EAST	ANCHORAGE	BRISTOL BAY	FAIRBANKS	HAINES	JUNEAU	KENAI	KETCHIKAN	KODIAK	MAT-SU	NOME	N. SLOPE	PETERSBURG	SITKA	UNALASKA	VALDEZ			WRANGELL
FY92	66,715	30,423,591	378,380	2,647,337	91,183	6,968,801	23,269,177	4,340,744	2,154,960	20,424,266	727,885	8,635,407	778,478	2,208,070	1,874,972	2,899,436	976,656	118,862,039	FY92
FY93	54,864	30,387,852	372,060	12,398,129	91,138	7,379,428	22,518,082	4,290,854	2,088,579	20,407,215	692,937	6,172,774	762,302	2,364,262	1,829,445	2,523,648	975,181	114,308,950	FY93
FY94	54,561	33,792,555	371,520	12,153,810	90,736	3,787,782	12,417,716	4,248,914	2,031,515	17,293,370	656,898	5,165,457	749,258	2,025,273	1,789,003	1,267,498	973,977	98,869,847	FY94
FY95	54,193	32,474,938	369,900	10,451,413	0	3,290,619	9,826,962	1,766,955	1,979,106	17,101,932	620,313	5,155,260	730,339	1,925,229	1,744,268	1,222,305	976,546	89,690,277	FY95
FY96	55,584	29,180,078	367,200	7,814,090	0	3,298,064	7,979,896	1,705,004	1,921,953	12,415,430	583,181	5,145,467	718,074	1,857,535	1,703,135	478,519	896,527	76,119,737	FY96
FY97	54,840	17,019,799	367,920	7,688,545	0	3,242,153	7,978,776	1,645,708	1,080,844	5,227,609	0	5,134,131	698,523	1,578,576	1,661,173	482,443	982,179	54,852,216	FY97
FY98	53,965	16,170,323	362,700	7,633,167	0	3,239,674	7,960,616	1,356,520	1,082,980	4,545,473	0	5,124,068	685,416	682,504	1,618,423	164,125	984,748	51,684,700	FY98
FY99	54,868	16,011,529	365,400	7,541,817	0	2,548,859	7,981,344	1,088,160	1,085,335	4,065,503	0	5,112,036	220,806	264,800	1,574,915	165,500	993,717	49,074,389	FY99
FY2000	53,647	9,351,728	361,800	6,817,762	0	2,539,973	7,960,768	1,024,320	1,078,542	1,786,500	0	5,099,706	223,128	264,800	1,530,717	166,125	991,083	39,270,628	FY2000
FY2001	54,134	8,017,696	356,760	4,276,625	0	1,776,682	7,978,240	0	1,075,883	1,764,000	0	0	0	264,800	578,149	161,000	989,685	27,293,653	FY2001
FY2002	0	5,183,594	354,760	4,317,705	0	1,773,771	0	0	0	1,750,500	0	0	0	264,800	237,443	160,500	854,550	14,897,642	FY2002
FY2003	0	5,185,748	0	4,341,235	0	69,054	0	0	0	0	0	0	0	264,800	235,283	0	859,410	10,955,530	FY2003
FY2004	0	5,188,492	0	4,407,005	0	64,639	0	0	0	0	0	0	0	264,800	0	0	851,805	10,776,741	FY2004
FY2005	0	5,179,520	0	4,451,925	0	6,441	0	0	0	0	0	0	0	264,800	0	0	749,858	10,712,543	FY2005
FY2006	0	2,846,550	0	4,494,350	0	6,891	0	0	0	0	0	0	0	264,800	0	0	0	7,673,391	FY2006
FY2007	0	1,706,400	0	2,579,300	0	0	0	0	0	0	0	0	0	264,800	0	0	0	4,550,500	FY2007
FY2008	0	1,706,400	0	2,618,900	0	0	0	0	0	0	0	0	0	264,800	0	0	0	4,588,100	FY2008
FY2009	0	1,706,400	0	0	0	0	0	0	0	0	0	0	0	160,800	0	0	0	1,867,200	FY2009
FY2010	0	1,706,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,706,400	FY2010
FY2011	0	1,706,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,706,400	FY2011
FY2012	0	1,706,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,706,400	FY2012
FY2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	FY2013
FY2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	FY2014
TOTALS	557,376	256,052,394	4,026,420	118,831,114	273,038	40,113,431	115,911,577	21,467,177	15,588,695	106,781,797	3,281,214	49,744,336	6,586,322	15,448,249	18,376,921	9,691,298	13,055,921	791,167,279	TOTALS

\* represents the State's liability at the appropriate rate of reimbursement for all bond issues sold to date, as well as estimated projections of bond sales for Anchorage & Sitka. Cash reimbursements are not included in this information.

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. HB 390

Revision Date: \_\_\_\_\_ Department Affected: Education  
 Title: An Act for the issuance of G.O. bonds of 759,333,000 for public schools. BRU: School Debt Reimbursement  
 Component: School Debt Reimbursement  
 Sponsor: Boyer, Moyer  
 Requestor: House HESS COMPONENT SERIAL NO. 

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	85.0	85.0	85.0	40.0	0	0
TRAVEL	50.0	40.0	25.0	15.0	10.0	0
CONTRACTUAL	75.0	50.0	20.0	10.0	10.0	0
SUPPLIES	15.0	5.0	2.0	1.0	1.0	0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>225.0</b>	<b>180.0</b>	<b>132.0</b>	<b>66.0</b>	<b>22.0</b>	<b>0</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER <small>Public School Construction Fund</small> FUND SOURCE:	225.0	180.0	132.0	66.0	22.0	0
<b>TOTAL</b>						

POSITIONS:

FULL-TIME	2	2	2	1	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)  
  
 See attached.

Prepared By: Mike Maher Phone: 465-2800  
 Division: Commissioner's Office Date: 1/24/92  
 Approved by Commissioner: *M. Maher* JC Jerry Covey  
 Agency: Education Date: 1/24/92

This bill would fully fund the Department's current CIP priority list. The Department questions whether or not priority 5, 6, and 7 truly reflect the needs of districts. In some cases projects may be simply a "wish list".

The cost of school construction could increase sharply due to the impact of this amount of money becoming available at this time. Affected school districts would have to change their staffing pattern very rapidly.

These two additional positions would be necessary to handle the additional work load produced by this amount of money being made available all at once. These positions would be phased out over a four to five year period.

These positions would consist of a project assistant, range 16 and a clerk typist III, range 8. The project assistant would perform the same duties as the existing project assistant. Mainly setting up the individual grants, collecting all regional information, setting up the files and overseeing the payment schedules. The clerk typist would maintain all files, records and handle all correspondence for the entire program.

Funds for these positions would come from CIP receipts generated from the bond funds.

ELECTION DISTRICT		PROJECT COST	PERCENT OF TOTAL	LOCAL SHARE		STATE SHARE	
				%	\$	%	\$
1	High school final phase Ketchikan	14,623,700		25.0	3,699,796	74.7	10,923,904
1	Shoenbar Junior High Ketchikan	8,477,600		25.3	2,144,833	74.7	6,332,767
		<b>23,101,300</b>	<b>6.0%</b>		<b>5,844,629</b>		<b>17,256,671</b>
2	Schools life/safety Hoonah	1,738,200		5	86,910	95	1,651,290
2	Elementary & high schools life/safety Kake	1,482,000		5	74,100	95	1,407,900
2	City schools elementary school repair Yakutat	558,900		5	27,945	95	530,955
2	Elementary/middle school repair Annette Island	693,000		0	0	100	693,000
2	School construction Edna Bay	1,537,000		0	0	100	1,537,000
2	School project Kasaan-Hollis	1,830,400		5	91,520	95	1,738,880
2	School construction Port Protection	819,200		0	0	100	819,200
2	Classroom additior. Craig	2,039,400		5.7	116,246	94.3	1,923,154
2	Elementary classroom addition Angoon	687,000		5	34,350	95	652,650
2	Building replacement Coffman Cove	3,390,400		5	169,520	95	3,220,880
2	Classroom addition Gustavus	612,500		0	0	100	612,500
2	School project Klawock	7,820,000		5	391,000	95	7,429,000
2	High school roof replacement Craig	524,700		5.7	29,908	94.3	494,792
2	Middle school addition Haines	3,840,000		5	192,000	95	3,648,000
		<b>27,572,700</b>	<b>7.2%</b>		<b>1,213,499</b>		<b>26,359,201</b>
4	Auke Bay classroom addition Juneau	200,000		30	60,000	70	140,000
4	Modular Classrooms Juneau	200,000		30	60,000	70	140,000
		<b>400,000</b>	<b>0.1%</b>		<b>120,000</b>		<b>280,000</b>
5	Portable classrooms Kenai Peninsula	426,900		30	128,070	70	298,830
5	Elementary school renovation Kenai	1,449,800		30	434,940	70	1,014,860
5	New West Homer Elementary School Kenai	10,300,500		30	3,090,150	70	7,210,350
5	Elementary school Soldotna	9,971,200		30	2,991,360	70	6,979,840
5	New Skyview Middle/Jr. High Kenai	25,040,700		30	7,512,210	70	17,528,490
5	Relocation of portable classrooms Kenai	42,000		30	12,600	70	29,400
		<b>47,231,100</b>	<b>12.3%</b>		<b>14,169,330</b>		<b>33,061,770</b>
7--15	Turnagain classroom addition, Anchorage	1,200,000		26.5	318,000	73.5	882,000
7--15	Elementary addition Eagle River	1,000,000		26.5	265,000	73.5	735,000
7--15	Willow Crest Elementary Addition Anchorage	3,499,600		26.5	927,394	73.5	2,572,206
7--15	Susitna Elementary/addition Anchorage	4,037,000		26.5	1,069,805	73.5	2,967,195
7--15	Chinook Elementary/addition Anchorage	4,456,700		26.5	1,181,026	73.5	3,275,675
7--15	South Anchorage new junior high Anchorage	27,500,000		26.5	7,287,500	73.5	20,212,500
7--15	South Anchorage new elementary Anchorage	12,500,000		26.5	3,312,500	73.5	9,187,500
		<b>54,193,300</b>	<b>14.2%</b>		<b>14,361,225</b>		<b>39,832,076</b>

ELECTION DISTRICT	PROJECT COST	PERCENT OF TOTAL	LOCAL SHARE		STATE SHARE	
			%	\$	%	\$
16	Glacier View School Matanuska-Susitna	5,000,000	26.3	1,315,000	73.7	3,685,000
16	Atlasta Middle School Matanuska-Susitna	25,000,000	26.3	6,575,000	73.7	18,425,000
		<b>30,000,000</b>	<b>7.8%</b>	<b>7,890,000</b>		<b>22,110,000</b>
17	School construction Tok	13,232,000	0	0	100	13,232,000
17	Secondary school final phase Glennallen	2,988,500	0	0	100	2,988,500
17	Elementary school Slana	1,536,900	0	0	100	1,536,900
17	Elementary addition Copper Center	1,809,000	0	0	100	1,809,000
		<b>19,566,400</b>	<b>5.1%</b>	<b>0</b>		<b>19,566,400</b>
18-21	Elementary school addition Fairbanks	12,110,900	26.7	3,233,610	73.3	8,877,290
18-21	New high school Fairbanks	43,298,000	26.7	11,560,566	73.3	31,737,434
18-21	New elementary school Fairbanks	12,943,900	26.7	3,456,021	73.3	9,487,879
18-21	Multipurpose/classroom addition Circle	1,500,000	0	0	100	1,500,000
		<b>69,852,800</b>	<b>18.2%</b>	<b>18,250,198</b>		<b>51,602,602</b>
22	Entryways and roof Point Hope	250,000	30	75,000	70	175,000
22	Elementary addition Selawik	2,091,000	30	627,300	70	1,463,700
22	School addition Nuiqsut	3,000,000	30	900,000	70	2,100,000
		<b>5,341,000</b>	<b>1.4%</b>	<b>1,602,300</b>		<b>3,738,700</b>
23	Life/safety upgrade-asbestos Nome-Beltz	885,000	5.3	46,905	94.7	838,095
23	Elementary school construction Gambell	11,020,000	5	551,000	95	10,469,000
23	Replace school facility Kashunahmiut	14,400,000	0	0	100	14,400,000
23	School addition/renovation Koyuk	4,928,000	5	246,400	95	4,681,600
23	Classroom addition Hooper Bay	582,000	5	29,100	95	552,900
23	Elementary addition to high school Golovin	3,927,400	5	196,370	95	3,731,030
		<b>35,742,400</b>	<b>9.3%</b>	<b>1,069,775</b>		<b>34,672,625</b>
24	Foundation and roof repair Sleetmute	380,000	0	0	100	380,000
24	Elementary replacement final phase Mt. Village	3,080,000	5	154,000	95	2,926,000
24	Elementary school Upper Kalskag	1,946,400	0	0	100	1,946,400
24	School addition Allakaket	1,300,000	5	65,000	95	1,235,000
24	Johnnie John School addition Crooked Creek	650,000	0	0	100	650,000
24	Elementary school addition Lower Kalskag	750,000	5	37,500	95	712,500
24	Middle/elementary school Aniak	5,803,400	5	290,170	95	5,513,230
		<b>13,909,800</b>	<b>3.6%</b>	<b>546,670</b>		<b>13,363,130</b>
25	School replacement final phase Kasigluk-Akiak	6,913,000	5	345,650	95	6,567,350
25	Elementary school addition Nunapitchuk	2,500,000	5	125,000	95	2,375,000
25	Middle school Bethel	17,679,000	7.1	1,255,209	92.9	16,423,791
25	Elementary replacement/renovate Akiachak	5,200,000	0	0	100	5,200,000

ELECTION DISTRICT	PROJECT COST	PERCENT OF TOTAL	LOCAL SHARE		STATE SHARE	
			%	\$	%	\$
25	Elementary school addition Atmautluak	4,369,000	5	218,450	95	4,150,550
		<b>36,661,000</b>	<b>9.6%</b>	<b>1,944,309</b>		<b>34,716,691</b>
26	Roof and wall replacement New Stuyahok	726,500	5	36,325	95	690,175
26	Roofing and siding replacement Pribilof-St. Paul	1,164,400	5	58,220	95	1,106,180
26	School construction Chignik Bay	1,660,000	7.9	131,140	92.1	1,528,860
26	School replacement Ivanof Bay	1,000,000	7.9	79,000	92.1	921,000
26	School addition Togiak	2,112,000	5	105,600	95	2,006,400
26	School addition Kokhanok	450,000	7.9	35,550	92.1	414,450
26	Elementary classroom addition Unalaska	600,000	13.7	82,200	86.3	517,800
		<b>7,712,900</b>	<b>2.0%</b>	<b>528,035</b>		<b>7,184,865</b>
27	K-12 structural repair Kodiak-Old Harbor	525,000	14.7	77,175	85.3	447,825
27	New elementary school Kodiak	9,500,000	14.7	1,396,500	85.3	8,103,500
27	Ouzinkie upgrade/remodel Kodiak	1,500,000	14.7	220,500	85.3	1,279,500
		<b>11,525,000</b>	<b>3.0%</b>	<b>1,694,175</b>		<b>9,830,825</b>
<b>TOTAL</b>		<b>\$382,809,700</b>		<b>\$69,234,144</b>		<b>\$313,575,556</b>

Capital Improvement Program Budget Request  
for Fiscal Year 93

**PRIORITY TYPE I**

<u>Priority</u>	<u>District Name</u>	<u>Priority 1 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
1	Lower Kuskokwim Schools	1	6,913.0	Kasigluk-Akiuk School Replacement Ph.II
2	Ketchikan Gateway Borough Schools	2	14,623.7	Ketchikan High: Phase III
3	Nome City Schools	3	885.0	Nome-Beltz Life Safety Upgrade/Asbestos
4	Lower Kuskokwim Schools	4	2,500.0	Nunapitchuk Elementary School Addition
5	Kodiak Island Borough Schools	5	525.0	Old Harbor K-12 Structural Repair
6	Hoonah City Schools	6	1,738.2	Schl-wide Sprinkler System/Life/Safe Ph II
7	Alaska Gateway Schools	7	13,232.0	Tok School Replacement
8	Kake City Schools	8	1,482.0	Elementary & High School Life/Safety
9	Southwest Region Schools	9	726.5	New Stuyahok Roof and Wall Replacement
10	Pribilof Schools	10	1,164.4	St. Paul/Roofing and Siding Replacement
11	Yakutat City Schools	11	558.9	Elementary School Repair
12	Bering Strait Schools	12	11,020.0	Gambell Elementary
13	Fairbanks North Star Borough Schools	13	12,110.9	North Pole Elementary Addition
14	Annette Island Schools	14	693.0	Elementary/Middle School Repair
15	North Slope Borough Schools	15	250.0	Point Hope Entryways and Roof Renovation
16	Lake & Peninsula Borough Schools	16	1,660.0	Chignik Bay School
17	Kuspuk Schools	17	380.0	Sleetmute: Foundation & Roof Repair
18	Kashunamiut Schools	18	14,400.0	Replacement School Facility
19	Craig City Schools	19	524.7	Craig High School Roof Replacement
Total for Priority Type I			=	85,387.3

Capital Improvement Program Budget Request  
for Fiscal Year '93

<u>PRIORITY TYPE *</u>	<u>District Name</u>	<u>Priority *</u>	<u>Amount</u>	<u>Project Name</u>
<u>Priority</u>		<u>Ranking</u>		
20	Copper River Schools	*	2,988.5	Glennallen Secondary School Final Phase
21	Lower Yukon Schools	*	3,080.0	Mt. Village/Phase II/Elementary Replace
Total for Priority Type		* =	6,068.5	

## PRIORITY TYPE 2

		<u>Priority 2</u>		
		<u>Ranking</u>		
22	Northwest Arctic Schools	1	2,091.0	Selawik Elementary Addition
23	Copper River Schools	2	1,536.9	Slana Elementary School Phase II
24	Bering Strait Schools	3	4,928.0	Koyuk School Addition/Renovation
25	Kenai Peninsula Borough Schools	4	426.9	Portable Classrooms Districtwide
26	Southeast Island Schools	5	1,537.0	Edna Bay School Construction
27	Lower Yukon Schools	6	582.0	Hooper Bay Classroom Addition
28	Southeast Island Schools	7	1,830.4	Kasaan/Hollis Schools Project
29	Southeast Island Schools	8	819.2	Port Protection School
30	Craig City Schools	9	2,039.4	Craig Classroom Addition
31	Kuspuk Schools	10	1,946.4	Upper Kalskag: O/J Gregory Elementary
32	Kuspuk Schools	11	5,803.4	Aniak Middle/Elementary School Phase I
33	Lower Kuskokwim Schools	12	17,679.0	New Bethel Middle School
34	Yupiiit Schools	13	5,200.0	Akiachak Elementary Replacement/Renovate
35	Ketchikan Gateway Borough Schools	14	8,477.6	Schoenbar Junior High
36	Fairbanks North Star Borough Schools	15	6,000.0	New Fairbanks High School Phase I

\* Pursuant to Chapter 5, SLA 1990, Section 16

Capital Improvement Program Budget Request  
for Fiscal Year 93

## PRIORITY TYPE 2 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 2 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
37	Lake & Peninsula Borough Schools	16	1,000.0	Ivanof Bay School Replacement
38	Fairbanks North Star Borough Schools	17	12,943.9	New North Fairbanks Elementary
39	Yukon Flats Schools	18	1,500.0	Circle: Multipurpose/Classroom Addition
40	Kodiak Island Borough Schools	19	7,500.0	Kodiak New Elementary School Phase I
41	Yukon/Koyukuk Schools	20	1,300.0	Allakaket School Addition
42	Matanuska-Susitna Borough Schools	21	5,000.0	Glacier View School
43	Southwest Region Schools	22	2,112.0	Togiak School Addition
44	Lake & Peninsula Borough Schools	23	450.0	Kokhanok School Addition
45	Kenai Peninsula Borough Schools	24	1,449.3	Kenai Elementary School Renovation
46	Chatham Schools	25	687.0	Angoon Elementary Classroom Addition
47	Anchorage Schools	26	1,200.0	Turnagain Classroom Addition
48	Unalaska City Schools	27	600.0	Elementary Classroom Addition
49	Southeast Island Schools	28	3,390.4	Coffman Cove: Building Replacement
50	Bering Strait Schools	29	3,927.4	Golovin Elementary Addition to H.S.
51	Juneau Borough Schools	30	200.0	Auke Bay Classroom Addition
52	Lower Kuskokwim Schools	31	4,369.0	Atmautluak Elementary School Addition
53	Anchorage Schools	32	1,000.0	Eagle River Elementary Addition
54	Kenai Peninsula Borough Schools	33	10,300.5	New West Homer Elementary
55	Chatham Schools	34	612.5	Gustavus: Classroom Addition
56	Copper River Schools	35	1,809.0	Copper Center Elementary Addition
57	Anchorage Schools	36	3,499.6	Willow Crest Elementary Addition

Capital Improvement Program Budget Request  
for Fiscal Year 93

## PRIORITY TYPE 2 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 2 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
58	Haines Borough Schools	37	3,840.0	Middle School Addition
59	Kodiak Island Borough Schools	38	1,500.0	Ouzinkie Upgrade/Remodel
60	Anchorage Schools	39	4,037.0	Susitna Elementary Addition
61	Matanuska-Susitna Borough Schools	40	25,000.0	Atlasta New Middle School
62	Kuspuk Schools	41	650.0	Crooked Creek: Johnnie John School Add.
63	Anchorage Schools	42	4,456.7	Chinook Elementary Addition
64	Kenai Peninsula Borough Schools	43	9,971.2	New Soldotna Elementary
65	Klawock City Schools	44	120.0	School Site Planning and Design
66	Kuspuk Schools	45	750.0	Lower Kalskag Elementary School Addition
67	Kenai Peninsula Borough Schools	46	25,040.7	New Skyview Middle/Jr High
68	North Slope Borough Schools	47	3,000.0	Nuiqsut School Addition
69	Anchorage Schools	48	27,500.0	South Anchorage New Jr. High
70	Anchorage Schools	49	12,500.0	South Anchorage New Elementary
71	Juneau Borough Schools	50	200.0	Modular Purchase
72	Kenai Peninsula Borough Schools	51	42.0	Relocation of Portable Classrooms
Total for Priority Type 2 =			244,355.9	

## PRIORITY TYPE 3

		<u>Priority 3 Ranking</u>		
73	Lower Kuskokwim Schools	1	526.0	Bethel High Major Main./Roof Replacement
74	North Slope Borough Schools	2	3,410.0	Barrow Schools H.S. Sprinkler Replace
75	North Slope Borough Schools	3	2,150.0	District Wide Swimming Pool Renovations

Capital Improvement Program Budget Request  
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## PRIORITY TYPE 3 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 3 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
76	Railbelt Schools	4	99.5	Tri-Valley Gym Insulation/Fire Protect
77	Lower Kuskokwim Schools	5	515.0	Napakiak School Relocation
78	Wrangell City Schools	6	60.0	Drainage-Intermediate School
79	Pribilof Schools	7	340.5	St. George Roof & Exterior Repair
80	Railbelt Schools	8	101.0	Anderson Fire Separation & Egress
81	Haines Borough Schools	9	312.0	Elem/Middle/Exterior Wall Protection
82	Yakutat City Schools	10	213.8	High School Roof Repair
83	Kodiak Island Borough Schools	11	1,000.0	Main Elementary Roof Repair
84	Lake & Peninsula Borough Schools	12	300.0	Districtwide Life Safety/Code Upgrades
85	Yukon/Koyukuk Schools	13	254.8	Nulato Voc-Ed
86	Iditarod Area Schools	14	65.5	Lime Village Oil Storage
87	Fairbanks North Star Borough Schools	15	863.1	Districtwide Major Repair/Renov/Alter
88	Yukon/Koyukuk Schools	16	228.8	Kaltag Vocational Education Facility
89	Kenai Peninsula Borough Schools	17	73.9	Chapman Elementary Re-Roof
90	Aleutian Region Schools	18	20.0	Nikolski School Window Replacement
91	Juneau Borough Schools	19	490.0	Auke Bay Elementary Re-Roof
92	Iditarod Area Schools	20	51.0	Anvik Oil Storage
93	Kenai Peninsula Borough Schools	21	129.9	Nikiski Elementary Re-Roof
94	Saint Marys Schools	22	475.0	Well & Water System Replacement
95	Juneau Borough Schools	23	100.0	J/D High School Exterior Wall Repair
96	Juneau Borough Schools	24	800.0	Glacier Valley Elementary Re-Roof

Capital Improvement Program Budget Request  
for Fiscal Year 93

## PRIORITY TYPE 3 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 3 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
97	Iditarod Area Schools	25	26.0	Grayling Oil Storage
98	Wrangell City Schools	26	489.0	Voc Ed/Middle School Roof and Gutter
99	Wrangell City Schools	27	456.0	Elementary Roof and Gutter Replacement
100	Anchorage Schools	28	3,477.4	Diamond High School Re-roof
101	Chugach Schools	29	48.0	Whittier School Reroofing
102	Matanuska-Susitna Borough Schools	30	770.0	School Partial Reroofing
103	Matanuska-Susitna Borough Schools	31	1,494.0	Wasilla High Walls and Fenestration
Total for Priority Type 3 =			19,340.2	

## PRIORITY TYPE 4

		<u>Priority 4 Ranking</u>		
104	Lower Kuskokwim Schools	1	5,626.0	Newtok Elementary School Addition
105	Fairbanks North Star Borough Schools	2	550.0	Hunter Elementary Renovation
106	Petersburg City Schools	3	139.3	Elementary School Code Upgrades
107	Lower Kuskokwim Schools	4	2,560.0	Districtwide Water Treatment
108	Fairbanks North Star Borough Schools	5	950.0	Lathrop High School Renovations
109	Lower Kuskokwim Schools	6	4,875.0	Districtwide Subsurface Water Treatment
110	Saint Marys Schools	7	228.2	Health/Life Safety Code Upgrade
111	Lower Kuskokwim Schools	8	3,800.0	Districtwide Asbestos Abatement
112	Kenai Peninsula Borough Schools	9	2,332.3	Kenai Jr. High Asbestos Abatement
113	Yukon Flats Schools	10	9,000.0	Fort Yukon: New School
114	Kenai Peninsula Borough Schools	11	124.5	Homer Intermediate Asbestos Abatement

Capital Improvement Program Budget Request  
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## PRIORITY TYPE 4 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 4 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
115	Fairbanks North Star Borough Schools	12	133.4	Districtwide Fire Protection
116	Kenai Peninsula Borough Schools	13	46.8	Paul Banks Elementary Asbestos Abatement
117	Iditarod Area Schools	14	115.8	Anvik School Kitchen & 2nd Floor Storage
118	Aleutians East Borough Schools	15	6,766.0	King Cove Elementary Replacement
119	Kenai Peninsula Borough Schools	16	79.6	Susan B. English Asbestos Abatement
120	Anchorage Schools	17	2,000.0	Fire Code Violations Projects
121	Kenai Peninsula Borough Schools	18	221.0	Seward Elementary Asbestos Abatement
122	Annette Island Schools	19	171.7	Districtwide Asbestos Removal
123	Northwest Arctic Borough Schools	20	2,056.5	Districtwide Deferred Major Maintenance
124	North Slope Borough Schools	21	50.0	Anaktuvuk Pass Welding Room Renovation
125	Fairbanks North Star Borough Schools	22	12,576.5	Denali Elementary Replacement
126	North Slope Borough Schools	23	100.0	Welding Room Renovation/Barrow HIS
127	Copper River Schools	24	1,427.3	Glennallen Elementary Remodel
128	Fairbanks North Star Borough Schools	25	13,182.7	Nordale Elementary Replacement
129	Aleutians East Borough Schools	26	649.0	Sand Point Pool Retrofit
130	North Slope Borough Schools	27	50.0	Welding Room Renovation/Nuigsut
131	Northwest Arctic Borough Schools	28	3,378.0	Districtwide Fuel Tank Farm Upgrade
132	Anchorage Schools	29	1,669.7	MLK Career Center/Heating Renovations
133	Skagway City Schools	30	105.3	K-12 Building Protection
134	Fairbanks North Star Borough Schools	31	12,138.7	Eielson Air Force Base Elementary School
135	Anchorage Schools	32	992.6	Complete Elevator Installation

Capital Improvement Program Budget Request  
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PRIORITY TYPE 4 (con't)		Priority 4		
<u>Priority</u>	<u>District Name</u>	<u>Ranking</u>	<u>Amount</u>	<u>Project Name</u>
136	Hydaburg City Schools	33	33.7	Replacement of Fuel Storage Tanks
137	Anchorage Schools	34	1,312.9	Underground Storage Tanks
138	Kodiak Island Borough Schools	35	1,700.0	Kodiak High School Code Upgrade
139	Juneau Borough Schools	36	200.0	Districtwide Asbestos Abatement
140	Anchorage Schools	37	1,224.4	Bartlett HS/Heating system Phase II
141	Juneau Borough Schools	38	150.0	Harborview Elem. Plumbing Replacement
142	Anchorage Schools	39	4,000.0	Districtwide Mechanical Renovation
143	Anchorage Schools	40	193.9	Mears Junior High/Vent System
144	Anchorage Schools	41	2,346.9	Diamond Heating/Ventilation Phase II
145	Anchorage Schools	42	2,200.0	Districtwide Kitchen Upgrades
146	Kenai Peninsula Borough Schools	43	40.3	Homer Jr. High Handicap Access
147	Anchorage Schools	44	585.6	Service High School/Phase II Asbestos
148	Anchorage Schools	45	313.5	Eagle River/Heating & Ventilation
149	Kenai Peninsula Borough Schools	46	40.3	Kenai Jr. High Handicapped Access
150	Anchorage Schools	47	4,300.0	Districtwide Asbestos Abatement
151	Anchorage Schools	48	535.2	Chugiak High/Replace Univents
152	Anchorage Schools	49	448.0	O'Malley Elementary Heat Vent Upgrades
153	Anchorage Schools	50	307.4	Replace Classroom Univents/Campbell
154	Juneau Borough Schools.	51	80.0	Districtwide Ceramic Kiln Ventilation
Total for Priority Type 4			=	108,108.0

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## PRIORITY TYPE 5

<u>Priority</u>	<u>District Name</u>	<u>Priority 5 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
155	Kenai Peninsula Borough Schools	1	28.7	Ninilchik Boiler Replacement
156	Anchorage Schools	2	3,300.0	Districtwide Roof Replacements
Total for Priority Type 5 =			3,328.7	

## PRIORITY TYPE 6

		<u>Priority 6 Ranking</u>		
157	Sitka Borough Schools	1	1,033.0	Baranof Elementary School
158	Kenai Peninsula Borough Schools	2	8,564.9	Tustumena Elementary Addition
159	Unalaska City Schools	3	842.1	High School Wood Shop/Music Room Add.
160	Nome City Schools	4	5,155.0	Nome-Beltz Middle School Remodel
161	Pribilof Schools	5	604.0	St. George/Media Center & Kitchen Add
162	Kodiak Island Borough Schools	6	1,200.0	Kodiak High School Alteration Project
163	North Slope Borough Schools	7	2,100.0	Point Lay: Gym/Classroom Addition
164	Matanuska-Susitna Borough Schools	8	6,000.0	Swanson Elementary School Renovation/Add
165	Lower Kuskokwim Schools	9	1,000.0	Chefornak Improvements
166	Chugach Schools	10	157.5	Whittier Voc-Ed
167	Lake & Peninsula Borough Schools	11	1,100.0	Pilot Point School Replacement
168	Cordova City Schools	12	1,730.0	Cordova High School Science & Computer
169	Yupit Schools	13	13,717.5	Consolidated High School & Boarding Home
170	Bristol Bay Borough Schools	14	3,449.5	Gymnasium Addition/Naknek K-12

Capital Improvement Program Budget Request  
for Fiscal Year 93

## PRIORITY TYPE 6 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 6 Type</u>	<u>Amount</u>	<u>Project Name</u>
171	Kodiak Island Borough Schools	15	5,600.0	High School Voc-Ed Building Upgrade
172	Kenai Peninsula Borough Schools	16	644.0	Homer Junior High Pool Conversion
173	Anchorage Schools	17	4,199.3	Wonder Park Elementary Addition
174	Tanana City Schools	18	3,732.0	Elementary/Middle School Project
175	Petersburg City Schools	19	700.0	Middle/High School Shop Addition
176	Kenai Peninsula Borough Schools	20	1,263.6	Nikolaevsk Gym Expansion
177	Southeast Island Schools	21	1,496.0	Thorne Bay School Addition
178	Anchorage Schools	22	2,212.2	Clark Jr. High/Media Center & Remodel
179	Lake & Peninsula Borough Schools	23	1,600.0	Port Heiden Addition
180	Anchorage Schools	24	3,182.7	Williwaw Addition
181	Pribilof Schools	25	360.5	St. Paul/Kitchen Construction
182	Anchorage Schools	26	330.0	Mt. Spurr Elementary Kindergarten Center
183	Anchorage Schools	27	2,700.0	N. Star Elementary Addition
184	Hydaburg City Schools	28	104.0	District: Maintenance/Storage Building
185	Delta/Greely Schools	29	12,500.0	K-12 Educational Complex
186	Juneau Borough Schools	30	50.0	Floyd Dryden Wood Shop
187	Cordova City Schools	31	21,704.2	Elementary Addition and Remodel
188	Bering Strait Schools	32	2,473.1	White Mountain Elementary Addition
189	Kuspuk Schools	33	510.0	Kalskag: George Morgan Jr/Sr High Add.
190	Fairbanks North Star Borough Schools	34	2,196.4	District Physical Plant

Capital Improvement Program Budget Request  
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## PRIORITY TYPE 6 (con't)

<u>Priority</u>	<u>District Name</u>	<u>Priority 6 Ranking</u>	<u>Amount</u>	<u>Project Name</u>
191	Kenai Peninsula Borough Schools	35	22,607.0	New Anchor Point Middle School
192	Hoonah City Schools	36	1,576.1	Multipurpose Facility Phase II
193	Unalaska City Schools	37	231.3	Administrative Office & Storage Remodel
194	Kenai Peninsula Borough Schools	38	22,607.0	New Nikiski Middle School
195	Fairbanks North Star Borough Schools	39	4,398.0	District Food Service
Total for Priority Type 6 =			165,630.9	

## PRIORITY TYPE 7 (These projects are not ranked within priority type.)

196	Kenai Peninsula Borough Schools	7	35.0	Soldotna High Ventilation of Pool Locker
197	Kenai Peninsula Borough Schools	7	69.0	Homer Jr. High Resurface Track
198	Juneau Borough Schools	7	100.0	Districtwide Exterior Painting
199	Petersburg City Schools	7	150.0	Petersburg Schools: Vehicle Access/North
200	Juneau Borough Schools	7	170.0	JDHS/UA Pedestrian Overpass Upgrade
201	Kuspuk Schools	7	255.0	Underground Fuel Tank Removal
202	Nome City Schools	7	610.0	Nome-Beltz Functional Upgrade Planning
203	Matanuska-Susitna Borough Schools	7	1,000.0	Knik Elementary School
204	Sitka Borough Schools	7	1,313.0	DW Maintenance Building/Warehouse
Total for Priority Type 7 =			3,702.0	

GRAND TOTAL: 635,921.5

# HOUSE COMMITTEE REPORT

(7)

Date Referred: January 13, 1992

FURTHER REFERRALS: Community & Regional Affairs  
Finance

Date of Committee Action: 3/18/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 390

HOUSE BILL NO. 390

G.O. BONDS FOR PUBLIC SCHOOLS

"An Act providing for the issuance of general obligation bonds in the amount of \$759,333,000 for the purpose of paying the cost of acquiring, constructing, reconstructing, and equipping public schools; and providing for an effective date."

RECOMMENDATIONS: CS HB 390 (HES)  the same title  
be replaced with CS HB 390 (HES)  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact D.O.E. 1/24/92

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Cheri Davis</i>	✓				
<i>Paul King</i>	✓				
		<i>Mary Miller</i>			X
		<i>Mark Hanley</i>			X
		<i>Equity Problems/Match Problems</i>			
		<i>Specific Project Problems</i>			

*Paul King*  
CO - CHAIRMAN'S SIGNATURE

STATE OF ALASKA  
THE LEGISLATURE

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Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H/HESS 3/18/92

# HOUSE COMMITTEE REPORT

(7)  
Date Referred: January 13, 1992

FURTHER REFERRALS: Community & Regional Affairs  
Finance

Date of Committee Action: 3/18/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 390

HOUSE BILL NO. 390 G.O. BONDS FOR PUBLIC SCHOOLS  
"An Act providing for the issuance of general obligation bonds in the amount of \$759,333,000 for the purpose of paying the cost of acquiring, constructing, reconstructing, and equipping public schools; and providing for an effective date."

RECOMMENDATIONS:  
be replaced with CS HB 390 (NES)  the same title  
 a new title

- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)  
 fiscal impact D.O.E. 1/24/92  
 zero fiscal note \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date)  
 fiscal note(s) \_\_\_\_\_  
 zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Cheri Davis</i>	✓				
<i>Kath [unclear]</i>	✓				
		<i>Mary Miller</i>			X
		<i>Mark Hanley</i>			X
		<i>Equity Problems/Match Problems</i>			
		<i>Specific Project Problems</i>			

*[Signature]*  
\_\_\_\_\_  
CD - CHAIRMAN'S SIGNATURE

7-LS1546P ✓  
Ford  
4/11/92

CS FOR HOUSE BILL NO. 390 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES BOYER, Moyer, C.Davis, B.Davis, Ellis

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for the issuance of general obligation bonds in the amount of  
2 \$297,886,607 for the purpose of paying the cost of acquiring, constructing, reconstructing,  
3 and equipping public schools; and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. For the purpose of paying the cost of acquiring, constructing, reconstructing, and  
6 equipping public schools general obligation bonds of the state in the principal amount of not more than  
7 \$297,886,607 shall be issued and sold as provided under sec. 3 of this Act. The full faith, credit, and  
8 resources of the state are pledged to the payment of the principal of and interest and redemption  
9 premium, if any, on the bonds. The bonds shall be issued under the provisions of AS 37.15 as those  
10 provisions read at the time of issuance.

11 \* Sec. 2. If the issuance of the bonds is authorized by the qualified voters of the state, a special fund  
12 of the state to be known as the "1992 public school construction fund" shall be established, to which  
13 shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the  
14 accrued interest and premiums.

1 \* Sec. 3. (a) Subject to the provisions of (b) and (c) of this section, the amount of \$297,886,607 is  
 2 appropriated from the "1992 public school construction fund" to the Department of Education to pay the  
 3 state's share of the cost of the following school construction projects:

4	STATE	LOCAL	TOTAL PROJECT
5 PROJECT & LOCATION	SHARE	SHARE	AMOUNT
6 School replacement, Kasigluk-Akiak	\$ 6,813,000	\$ 100,000	\$ 6,913,000
7 High school, Ketchikan	10,236,590	4,387,110	14,623,700
8 Elementary school addition, Nunapitchuk	2,400,000	100,000	2,500,000
9 School construction, Tok	13,132,000	100,000	13,232,000
10 Elementary school construction, Gambell	10,920,000	100,000	11,020,000
11 School construction, Chignik Bay	1,503,960	156,040	1,660,000
12 Replacement school facility, Kashunmut	12,300,000	100,000	12,400,000
13 Secondary school, Glennallen	2,888,500	100,000	2,988,500
14 Elementary replacement, Mountain Village	2,980,000	100,000	3,080,000
15 Elementary addition, Selawik	8,050,000	3,450,000	11,500,000
16 School construction, Edna Bay	1,460,150	76,850	1,537,000
17 School project, Kasaan-Hollis	1,737,050	93,350	1,830,400
18 Classroom addition, Craig	1,772,239	267,161	2,039,400
19 Schoenbar Junior High, Ketchikan	5,934,320	2,543,280	8,477,600
20 New Fairbanks High School, Fairbanks	43,400,000	18,600,000	62,000,000
21 New elementary school, Kodiak	6,650,000	2,850,000	9,500,000
22 School addition, Allakaker	1,233,700	66,300	1,300,000
23 Glacier View School, Matanuska-Susitna	3,500,000	1,500,000	5,000,000
24 School addition, Togiak	2,012,000	100,000	2,112,000
25 Elementary school renovation, Kenai	1,014,860	434,940	1,449,800
26 Elementary classroom addition, Angoon	651,963	35,037	687,000
27 New West Homer Elementary, Kenai	7,210,350	3,090,150	10,300,500
28 Classroom addition, Gustavus	581,875	30,625	612,500
29 Ouzinkie upgrade/remodel, Kodiak	1,050,000	450,000	1,500,000
30 Atlasta New Middle School,			
31 Matanuska-Susitna	17,500,000	7,500,000	25,000,000

1	New Skyview Middle/Jr. High, Kenai	17,528,490	7,512,210	25,040,700
2	School addition, Nuiqsut	2,100,000	900,000	3,000,000
3	Elementary addition, Unalaska	420,000	180,000	600,000
4	Middle school addition, Haines	3,490,560	349,440	3,840,000
5	New elementary school, Juneau	9,695,000	4,155,000	13,850,000
6	Tustumena elementary expansion	5,600,000	2,400,000	8,000,000
7	New elementary school, Sand Lake	8,610,000	3,690,000	12,300,000
8	Ten classroom addition, North			
9	Star elementary school	3,010,000	1,290,000	4,300,000
10	New elementary school, Turnagain	9,100,000	3,900,000	13,000,000
11	New middle school, south			
12	Anchorage	25,725,000	11,025,000	36,750,000
13	Eight classrooms/gym addition,			
14	Willivaw	3,150,000	1,350,000	4,500,000
15	New 68th Avenue elementary school			
16	Anchorage	8,400,000	3,600,000	12,000,000
17	New middle school, Eagle River/Chugiak	22,575,000	9,675,000	32,250,000
18	Six classrooms/gym addition,			
19	Wonder Park elementary	2,940,000	1,260,000	4,200,000
20	New Mt. View elementary school,			
21	Anchorage	8,610,000	3,690,000	12,300,000

22 (b) The bonds authorized under sec. 1 of this Act shall be sold and issued by the State Bond  
 23 Committee upon approval by the Department of Education of a public school project in a municipality  
 24 or a rural educational attendance area if

25 (1) there is sufficient unused allocation under (a) of this section; and

26 (2) upon determination by the State Bond Committee that the municipality or rural  
 27 educational attendance area in which the project is located has money available to pay the matching cost  
 28 of the public school project in an amount required under (a) of this section; and

29 (3) the matching money required under (2) of this subsection is available on or before  
 30 July 1, 1997.

31 (c) The legislature may by law add additional school projects described under sec. 1 of this Act

1 or reallocate funds between projects described in (a) of this section.

2 \* Sec. 4. If the issuance of the bonds is authorized by the qualified voters of the state, the amount  
3 of \$1,042,603 or as much of that amount as is found necessary is appropriated from the general fund  
4 of the state to the state bond committee to carry out the provisions of this Act and to pay expenses  
5 incident to the sale and issuance of the bonds authorized in this Act. The amounts expended from the  
6 appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the  
7 sale of the bonds authorized by this Act.

8 \* Sec. 5. The unexpended and unobligated balance of the appropriation made in sec. 3 of this Act  
9 lapses under AS 37.25.020 and is appropriated to the state bond committee to redeem bonds sold under  
10 this Act. The amounts expended from the general fund to pay the principal, interest, and redemption  
11 premium on bonds issued under this Act shall be reimbursed to the general fund from the appropriation  
12 made under this section to the extent that the money is not needed to redeem the bonds.

13 \* Sec. 6. The question whether the bonds authorized in this Act are to be issued shall be submitted  
14 to the qualified voters of the state at the next general election and shall read substantially as follows:

15 PROPOSITION

16 State General Obligation Public School Construction

17 Bonds \$297,886,607

18 Shall the State of Alaska issue its general obligation bonds in the principal  
19 amount of not more than \$297,886,607 for the purpose of acquiring,  
20 constructing, reconstructing, and equipping public schools?

21 Bonds Yes [ ]

22 Bonds No [ ]

23 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

MEMORANDUM

TO: Community And Regional Affairs Committee members

FROM: Nancy Bennett

Re: Today's Hearing - April 13, 1992

We have three bills on the committee's agenda today; two of them have been in subcommittee: HB 387, regulation of domestic sewage (Rep. Cheri Davis, Chair), and HB 390, G.O. bonds for school construction (Rep. Foster, Chair).

HB 387 - domestic sewage. You have a draft committee substitute in your file, dated 4/7/92, which represents the compromise reached by the subcommittee. The CS provides that DEC shall:

- 1) develop criteria for accreditation of engineers to
  - a) inspect existing wastewater systems;
  - b) review plans for construction or modification of wastewater systems; and
  - c) conduct as-built inspections of new or modified systems to assure it meets the standards developed by DEC.
- 2) develop a training program for engineers to enable them to meet the accreditation standards.

DEC will charge for the accreditation and training programs; the programs apply only to single family homes and duplexes.

HB 390 - G.O. bonds for school construction. You have a draft CS in your file from Rep. Boyer dated 4/11/92, and a spread sheet which shows you which schools were removed from the list, and which schools were added. The column labeled "DOE list" shows the priority number of the project; those without a number in the column have not been reviewed by DOE. You also have three documents from the state assessor's office: 1) AS 29.60.030, determination of millage rate equivalent; 2) full value determinations of second class cities; and 3) assessed value by service areas of boroughs, and full value determinations of 1st and 2nd class cities.

SB 119 - regional electrical authorities' exemption from taxes and assessments. In 1975, the legislature created regional electrical authorities and allowed them to be exempt from taxation for 20 years (due to expire in 1995). There is only one regional electrical authority in the state, the Tlingit and Haida Regional Electrical Authority (THREA). We have a zero fiscal note from DCRA, and the department takes no position on the bill.

Date of Committee Action: 4/23/92

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: HB 390

HOUSE BILL NO. 390 G.O. BONDS FOR PUBLIC SCHOOLS

"An Act providing for the issuance of general obligation bonds in the amount of \$759,333,000 for the purpose of paying the cost of acquiring, constructing, reconstructing, and equipping public schools; and providing for an effective date."

RECOMMENDATIONS:  
 be replaced with CS HB 390 (HRS)  the same title  
 a new title

- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)  
 fiscal impact \_\_\_\_\_  fiscal note(s) DOE 3/20/92  
 zero fiscal note \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>			✓
<i>[Signature]</i>	✗	<i>[Signature]</i>			✓
<i>[Signature]</i>	✗	<i>[Signature]</i>			✓

*[Signature]*  
 CHAIRMAN'S SIGNATURE

HB

395

(7)

Date Referred: January 14, 1992

FURTHER REFERRALS:

Labor & Commerce  
Judiciary

Date of Committee Action: 3/4/92

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 395

HOUSE BILL NO. 395

INDEMNIFICATION OF PUBLIC EMPLOYEES

"An Act requiring public employers to indemnify public employees for injuries occurring within the scope of employment."

RECOMMENDATIONS:  the same title  
be replaced with \_\_\_\_\_  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note C & RA

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>David Phillips</i>	<input checked="" type="checkbox"/>	<i>Cheri Davis</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>Beth Davis</i>		<input checked="" type="checkbox"/>	

*[Signature]*  
CHAIRMAN'S SIGNATURE

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE HOUSE  
DISTRICT ELEVEN • SPENARD  
SEAT A  
HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDDTOWN • WINDEMERE

4852 NEWCASTLE WAY  
ANCHORAGE, ALASKA 99503  
(907) 561-8234



## SPONSOR STATEMENT

HB 395 requires the state and municipalities to indemnify public employees who are sued for injuries occurring during the performance and within the scope of the employee's job. The statute would not require employers to indemnify an employee for acts of intentional or wilful misconduct or to pay an award of punitive damages.

The bill is based on the current state policy for defense and indemnification of state employees. A copy of this policy is attached, along with a memorandum from the Attorney General's Office explaining the policy reasons why indemnification of state employees is a good idea. In addition to enumerating the benefits to the employer of indemnification, the Department of Law explanation points out the "widely felt" belief "that where an employee acting in good faith injures a person within the performance and scope of employment, the employer should indemnify the employee."

HB 395 is strongly supported by the Alaska Association of Chiefs of Police, the Alaska Peace Officers Association, the Alaska State Employees Association, and the AFL-CIO.

# MEMORANDUM

State of Alaska

Department of Law

TO: Brad Thompson  
Division of Risk Management  
Department of Administration

DATE: June 17, 1988

FILE NO.:

TEL NO.: 465-3603

SUBJECT: State provided defense  
of employees

RECEIVED  
JUN 20 1988

FROM: Bill Mellow  
Assistant Attorney General  
Special Litigation-Juneau

You have requested a concise (10 lines or less) statement of the state's policy for defense and indemnification of state employees. A copy of that policy is attached but please note that this is only policy and is not legally binding except where the state has otherwise contractually bound itself.

Following is an explanation of the basis for evolution of a general belief that the state should defend and indemnify employees; There is no statutory law in Alaska requiring state defense and indemnification of employees, however, most public employees are protected by bargaining agreements which obligate the state to defend and indemnify for ordinary negligence. Additionally, common law rules developed by the courts have saddled employers with liability for negligence of employees. The common law rules are referred to as the doctrine of respondeat superior (the master answers for the servant) and require the employer to pay a third party for injuries caused by employees. The doctrine also grants common law indemnity in favor of the employer against the employee but, because many employees are judgment-proof, employers often simply absorb the expense without looking to the employee for reimbursement. Additionally, for the tactical reason that the employer needs the support of the employee in defense against the third party, there is a tactical justification for agreeing to indemnify. Finally, and strongest of all as a policy justification, it is widely felt that where an employee acting in good faith injures a person within the performance and scope of employment, the employer should indemnify the employee.

WGM:jal  
Attachment

cc: Ronald W. Lorensen (w/enc.)

## STATE POLICY FOR DEFENSE OF EMPLOYEES

Where the rights and obligations of employees and the state are not otherwise covered by bargaining agreements, it is the policy of the State of Alaska to provide legal defense and pay judgments against state employees sued for injuries occurring during the performance and within the scope of duty. Except where the Department of Law has specifically in writing obligated the state otherwise, the state will not defend or indemnify for acts of intentional and willful misconduct nor pay an award of punitive damages.

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE HOUSE  
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(907) 561-8234



## M E M O R A N D U M

TO: Representative Jerry Mackie, Chair  
House Community & Regional Affairs Committee

FROM: Representative Dave Donley *DD*

RE: HB 395 - Indemnity for Public Employees

DATE: February 14, 1992

---

I would greatly appreciate if HB 395 could be scheduled for a hearing at the earliest possible opportunity. The legislation requires public employers to indemnify employees who are sued for injuries occurring during the performance and within the scope of the employee's duty. An employer would not be obligated to indemnify an employee for acts of intentional or wilful misconduct.

The standards for indemnification set in HB 395 are those currently used, as a matter of policy, by the Department of Law when determining whether to indemnify public employees. By codifying existing practice, HB 395 eliminates the concerns that many public employees feel about whether their employers will support them in court if they are sued, yet does so in a way that protects public employers against paying for employee misconduct.

I introduced the bill at the request of the Alaska Association of Chiefs of Police. A copy of a letter I recently received from the Chiefs is attached. The bill is also strongly supported by the Alaska Police Officers Association.

Thank you in advance for your help and assistance in scheduling this bill for a hearing.

DD:lc

# Alaska Association Chiefs of Police



Representative Dave Donley  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

February 13, 1992

Dear Representative Donley,

I would like to thank you for introducing House Bill 395, which would ensure Indemnification for public employees. You have our full support on this important piece of legislation.

In conjunction with the Alaska Peace Officers Association we have identified House Bill 395 as a top legislative priority. We believe that government employees should be defended and protected by their employer when lawsuits are filed against employees who were merely performing required work.

Government employees should be held responsible and accountable for their actions. We would never advocate that bad employees be protected, however, when employees take good faith actions at the behest of their employer, we feel that as a matter of law, employees should be indemnified. When employees are doing the work of government, within the scope of their authority and without malice, they should not be held personally liable when they are named as parties to lawsuits.

We have long been concerned about the chilling effect lawsuits have upon employees. Hopefully, House Bill 395 will become law and good employees will no longer have to be concerned that their personal assets are unfairly in jeopardy.

We would be happy to work with you in the passage of this bill. If you have any questions about our position, I can be reached at 786-8552.

Sincerely,

*Duane S. Udland*  
Duane S. Udland, President  
Alaska Association of Chiefs of Police  
4501 South Bragaw  
Anchorage, Alaska 99507

Post-It™ brand fax transmittal memo 7671		# of pages	1
To	Laurie Otto	From	Duane Udland
Co.		Co.	
Dept.		Phone #	786-8552
Fax #	541-1691	Fax #	786-8638

**Alaska Association of Chiefs of Police**



**Alaska Peace Officers Association, Inc.**



**Federal Bureau of Investigation National Academy  
Associates**



**Position Statement  
from The Law Enforcement Coalition  
Concerning Legislative Proposals  
before the  
Eighteenth Alaska Legislature  
February 1992**

**HOUSE BILL 395**  
**INDEMNIFICATION OF GOVERNMENT EMPLOYEES**

Indemnification for public employees is our number one priority.

We believe that government must be held responsible for its actions. When someone is wrongly harmed through the actions of government, injured parties should be able to make claims as appropriate. However, we believe very strongly that government employees should be defended and protected when their actions are made in good faith.

Generally when a lawsuit is filed, employees are listed as parties to the action. In the past, employees have not been held personally liable for actions taken at the behest of their employer, unless they were clearly working outside the scope of their authority. This seems to be changing. Recent court rulings imposing personal punitive damages are placing the livelihoods of our public employees in jeopardy.

The trend where public employees are being held personally liable places employees in a position where their own personal assets are at risk. All government employees are in danger, from the highest level policy maker to the lowest level of workers where those policies are carried out. The social worker, the road maintenance supervisor, the police officer, the medic, the fire fighter, the department manager, and elected officials are all vulnerable.

We in law enforcement believe this is an undue burden upon the State's public employees. It carries great potential for the workings of government to become bogged down because employees fear that decisions they make in good faith may result in the loss of their assets.

When employees are doing the work of the government, within the scope of their authority, and without malice, they should not be held personally liable when they are named as parties to law suits.

Legislation should be passed that indemnifies public employees and frees them from the burden of working under the constant threat that the good faith judgments they make can result in the loss of their homes, their cars, or their savings.

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

150 THIRD STREET  
JUNEAU, ALASKA 99801-1291  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

March 3, 1992

### POSITION PAPER

RE: HB 395

SPONSOR: Representative Donley

#### Program Effects of Bill:

HB 395 amends both Title 29, pertaining to municipal governments, and Title 39, pertaining to public officers and employees, by adding a virtually identical section to each title requiring a public employer (be it the state or a municipality) to provide legal defense and pay judgments entered against its employees for injuries occurring during the performance and within the scope of the employee's duty.

#### Comments:

Section 1, the amendment of Title 29, has no direct impact on the operation of this department, but the department points out that this is another mandate on municipalities. The mandate supercedes the discretionary authority over indemnification that municipalities now possess. The municipalities generally oppose state mandates that limit their authority.

Section 2, the amendment to Title 39, pertains to all state departments. The present administration policy is already to indemnify employees under the circumstances described in Section 2 of the bill. Therefore, the Department of Community and Regional Affairs is neutral on Section 2.

*Ed Blatchford*

Edgar Blatchford, Commissioner

FISCAL NOTE

BILL NO. HB 395

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: Indemnification of Public Employees  
Sponsor: Representative Donley  
Requestor: (H) CRA

Department Affected: Community and Regional Affairs  
BRU: \_\_\_\_\_  
Component: \_\_\_\_\_  
COMPONENT SERIAL NO. 

0	0	0	0
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*0	*0	*0	*0	*0	*0
CAPITAL						

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	*0	*0	*0	*0	*0	*0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	*0	*0	*0	*0	*0	*0

POSITIONS:

FULL-TIME	*0	*0	*0	*0	*0	*0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
Section 1 of the bill applies only to municipalities and, therefore, does not have a fiscal impact on the department.  
\* Section 2 of the bill applies to state departments generally but it is impossible to determine the possible impact. To date, no DCRA employees have been sued "for injuries occurring during the performance and within the scope of the employee's duty."

Prepared By: \_\_\_\_\_  
Division: Administrative Services Division

Phone: 465-4708  
Date: \_\_\_\_\_

Approved by Commissioner: Er. Bethel  
Agency: Department of Community and Regional Affairs

Date: 3-3-92

HB


3 9 9



February 18, 1992

MEMORANDUM

TO: Jerry Mackie, Chairman  
Members, House Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: Testimony on HB 399 - Establishment of Port Authorities

The Alaska Municipal League supports the intent of HB 399 - 1) the recognition of the potential benefits of port authorities to bring about community or regional economic development and 2) to clarify, if necessary, the authority of municipalities to form, operate, and finance port authorities in the best interests of the public and municipalities involved.

However, notwithstanding the sponsors' good intentions, the legislation as proposed in HB 399 may be, to a large extent, unnecessary or, worse, unnecessarily restrictive from the standpoint of the Alaska constitution, existing statute, and the desire for maximum local self-government. I have attached a copy of a memo dated February 11, 1992 from Jerry Luckhaupt, Legislative Counsel, to Senator Curt Menard. The Senate Transportation Committee, which Senator Menard chairs, is also considering port authority legislation, including SB 352 which is similar to HB 399. Mr. Luckhaupt's memo substantiates my belief the legislation, except for the public records provisions and separate bonding authority, is perhaps unnecessary. By implying the need for specific statutory authority, the legislation may have the effect of restricting or diluting municipal powers.

The AML urges the legislature to craft and pass minimal legislation which:

1. reinforces the provisions for maximum local self-government, a liberal construction of powers of local governments, and the ability for joint administration of any function or power under the Constitution (Article 10, Sections 1 and 13) and, subsequently, by statute (AS 29, Article 6; AS 29.35.010(13),
2. clarifies the ability of municipalities, singularly or jointly, to form public corporations, authorities, or similar public entities through which they may exercise municipal powers,
3. clarifies, under state and federal IRS laws, the ability of a public corporation or authority to sell bonds that are solely the debt of that corporation or authority, and
4. leaves, to the extent possible, the decisions as to the formation, powers, and structure of an authority to the municipality or municipalities involved - by ordinance, including requiring a vote of the people, and/or by bylaws.

AML Testimony on HB 399, Port Authorities  
February 19, 1992  
Page 2

The Alaska Municipal League Board of Directors passed Board Resolution No. 92-1 urging the passage of legislation to allow for local and regional port authorities. The AML 1992 Policy Statement states, " The League opposes any effort by the Legislature to restrict the method of establishment, form, powers, or other features of municipal port or other authorities. The League supports legislation that would clarify the ability of municipalities to form public corporations, authorities, and similar public entities through which they may exercise a power." (Page 47).

Again, the AML supports legislation as necessary to clarify that municipalities have the ability to form public corporations and authorities such as port authorities, singularly or jointly, and that such authorities have the power to incur debt separate from the municipality or municipalities. However, AML urges the legislature to pass the minimum amount of legislation needed and to avoid diluting or restricting municipal powers and local control.

For the Committee's and the sponsors' review, I have also attached a list of questions and concerns regarding the specifics of HB 399. For your information, I have also attached a copy of a memo to me dated February 13, 1992 from Lee Sharp, an attorney in private practice and a person I have worked with on municipal issues for a number of years. In the memo Mr. Sharp raises a number of other "observations" for the committee's consideration. I contacted Mr. Sharp regarding the port authority legislation before the legislature this year because we had worked together on this and similar issues in the past and I respect his expertise in municipal law.

I look forward to working with the sponsors and the committee on this legislation to accomplish our mutual goals.

#### Attachments

cc: Representative Baker  
Senator Pearce  
Senator Duncan  
Senator Menard

HB 399 - Questions and Concerns

o Overall: Too much policy language, i.e., what should be in bylaws and policies and procedures, in statute, e.g. .615(b), most of .625, and second sentence in .630(b).

o Page 2, .600(d)- is the authority wholly owned and controlled by a municipalities, i.e. is it eligible to be insured under AS 21.76 which are limited to insuring "municipalities and school districts"? See insurance provisions in .680. Also, see Luckhaupt memo, "Question 7."

(e) - Is this an areawide, non-areawide, or service area power? See Luckhaupt memo, "Question 5."

(g) - Requiring at least one member of the board to be a person with at least five years of experience is unnecessary (CEO can be the expert) and would probably rule out the possibility of having the council/assembly sit as the board.

(h) - Unclear. What "provisions" in the terminology "granted under those provisions" (emphasis added)?

o Pages 3-4 - "(9)" appears to have or include the same meaning as "(16)" and "(17)" and "(19)" appears to be the same as "(9)" and "(17)."

o Page 6, .640(b) - Why to just an "auditor"?

.660 - Why should authority have exclusive land use powers vested in boroughs? Private property owners do not enjoy this power. This includes land "managed" by authority. Does this hold true if the authority area is not contiguous? The exercise of land use powers or eminent domain powers in .655 appears to be at the discretion of the authority but not necessarily the discretion of the municipality to grant such powers to the authority.

o Page 8, .695 - Specific development plans as a port develops should be required in addition to an initial overall development plan.

o Page 10, .720(a) - Assume that the private or leasehold interests are not tax exempt. Should this be clarified?

(c) - "Boundaries of the authority" are referred to but not defined. Although very specific in many other ways, nothing in the law requires the municipality to set out the boundaries of the authority within which power is to be granted and exercised. Does the area have to be contiguous? For example, the language here would seem to exclude the possibility of requiring the authority to pay for legitimate off-site improvements necessitated by the development or activities of the port.

o Page 11, .750(5) - This would seem to make port employees ineligible for PERS.

RECEIVED  
FEB 18 1992  
ALASKA MUNICIPAL LEAGUE

TO: Scott Burgess, Executive Director  
FROM: Lee Sharp  
RE: Personal observation on Port Authority Legislation  
DATE: February 13, 1992

---

I have watched with some interest the Port Authority legislation that has been introduced off and on for the last five years or so. Following are some personal observations. As always, I come from the position that if a single municipality wishes to establish a port operation, there need be no special legislation authorizing it to do so. If such legislation is put on the books, it is superfluous to existing powers and raises the serious question about how many other kinds of powers should be specifically delegated to municipalities in order to ensure that they have the authority to do what they already have the authority to do. Will we need legislation to allow municipalities to operate their hospitals under something called a hospital authority? We are not a "Dillon's Rule" state and I am always alarmed when a municipality comes forward stating that they have been told that they need special legislation granting and detailing the method of exercising a municipal power. If a port authority bill is going to go through the legislature (and it is possible that one may be needed for other reasons discussed below) then I sincerely hope that any prefatory language in the bill not indicate that it is in the public interest to authorize municipalities to create port authorities. I would hope that if such prefatory language is thought to be necessary that it be changed to indicate that it is in the public interest to provide by statute one specific method by which municipalities may exercise their rights to create port authorities and that such statutory provisions do not constitute the only method by which one (or more) municipalities could create a port authority under existing municipal powers nor does such legislation limit the powers or methods of operation of port authorities that are established outside the purview of the subject legislation.

Using CSHB 399 (TRA) as a basis for comment, I offer for your consideration the following comments and questions.

Section 29.35.600(a). May an Authority that is not established pursuant to this section call itself a "Municipal Port Authority" or is this term now reserved solely for the use of those Authorities that are formed pursuant to this legislation?

Under Section 600(e) may a borough establish a service area in which it assumes the port power and then use that as the basis for joining another municipality in the formation of a Port Authority which occupies, in the borough, only the area inside the service area? If it may, is it then legitimate for it to give up its planning and zoning powers as to Authority property within the service area as planning and zoning is an areawide power.

Although Section 600(h) purports to make clear that a municipality cannot use the legislation for the purpose of exercising a power that has not been granted under these provisions, I am not sure just what this means. Does it mean that a dual municipality Port Authority can exercise only those powers that are possessed by both municipalities and are specifically delegated to it? This is not what the section says. Is there a distinction between the exercise of a power by the municipality and the exercise of a power by the Authority; that is, if the legislation authorizes an Authority to exercise certain powers, may it do so even though one (or perhaps both) of the participating municipalities is not authorized to exercise that power? For example, under Section 610(12) the Authority is given the right to "exercise police powers" with respect to a port. Police powers are extremely broad and include not only police protection, but the full gambit of powers associated with the public health, safety and welfare. Under these two provisions, may a municipality, in its authorizing ordinance, authorize the Authority to exercise the full gambit of police powers even though the municipality does not possess those powers? May these powers be exercised only within the "jurisdiction" of the Authority or only as to property of the Authority? It would be the Authority exercising these powers, not the municipality, and Section 600(h) only indicates that this legislation does not authorize a municipality to exercise a power that has not been granted under these provisions. However, the police powers are being exercised by the Authority, not the municipality; and in any event, it appears under Section 610(12) that it literally does not make any difference whether the Authority and the municipality are viewed as the same entity (which they aren't) as the municipality does not delegate any of its authority to the Authority, it merely sets out in its authorizing ordinance the extent of the police powers that the Authority may exercise. If it is intended that port authorities be able to exercise powers that the participating municipalities do not possess, then language making that clear would help avoid having to face these questions after the legislature has gone home. If Port Authorities are to be able to exercise all the powers of a municipality (except as may be limited in their authorizing ordinances) without regard to whether the municipality itself possess that power, then we should make that clear. On the other hand, if we intend that the Port Authority have no more power than the participating municipalities, then that should be made clear. Actually, we get into this problem mostly with respect to the concept of the Authority exercising what are traditionally viewed as governmental powers. If the Authority were not given police powers, including land use regulation veto power, these questions might be less important.

Continuing on the "powers" question, what happens if a municipality exercises, on an areawide basis, a power that will be exercised by the Port Authority; e.g., fire protection? Does the borough no longer have areawide fire protection powers? If the Authority, pursuant to Section 610(14) finds that it is necessary or appropriate to serve a public purpose that the Authority construct and operate public roads within its

jurisdiction, does it simply oust the municipality from its authority to undertake such projects? What if the Port Authority is within a borough road service area? Are the service area boundaries deemed to have been changed? Or, if during the Authority formation process, the borough clearly gives to the Authority road construction and maintenance power within the jurisdiction of the new Authority, does this cast upon the Authority the duty and public responsibility to provide for road construction and maintenance within its jurisdiction? As the Authority has no taxing powers and is not entitled to revenue sharing for roads, would it be appropriate for the Authority to expend port revenues for road purposes within the service area?

What if a municipality has areawide solid waste disposal powers and has covenanted with solid waste facility bond holders to continue to exercise that power on an areawide basis and to require all persons within the borough to use the borough solid waste facility; may the Port Authority provide for solid waste disposal within its jurisdiction, or even just for the property it owns or controls in its port function?

Section 655 on eminent domain probably needs to be there as the courts are reluctant to find that any public entity has the power of eminent domain or declaration of taking unless it has clearly been delegated to that entity. As Title 29 currently prohibits municipalities from exercising eminent domain outside their boundaries, it is doubtful whether a court would view the exercise of eminent domain by an Authority as a "joint" exercise. However, the right of eminent domain and declaration of taking granted under this section applies only within the jurisdiction of the Authority. It might be helpful if someplace in Section 600 there is a requirement set out that the parallel ordinances must not only set out the number, qualifications, manner of appointment and terms of board members, but should also provide a legal description of the boundaries of the Port Authority. Then everyone will know what is inside and outside its jurisdiction for purpose both of the exercise of eminent domain and of police powers.

Section 660 appears to function essentially as the grant of a veto power over zoning regulations that would otherwise be applicable to the property of the Authority. This provision is not without some fairly substantial public policy questions. For example, is it really necessary in light of the fact that municipalities retain substantial control over the Authority through Section 695 (requiring municipal approval of Authority development plans)? Even the state of Alaska is required to conform its projects to local building and zoning codes unless the governor, for reasons of an overriding state interest, grants a waiver. Why shouldn't a Port Authority be required to comply with the zoning requirements imposed by the government within whose jurisdiction the port is located? Why should the owner of parcel A, who must comply with zoning restrictions, be left without the protection of the zoning ordinance if the Port Authority buys or condemns the parcel abutting his parcel A?

Section 720 exempts the Authority property from all taxes and special assessments. Again, is there any sound public policy reason for exempting an Authority from the requirement to pay special assessments for improvements that specially benefit the Authority property. Title 29 requires the state of Alaska to pay such assessments. Should Authorities be treated any differently? Should they be permitted to have streets